

Stock code: 3013

**uneec**<sup>®</sup> 晟銘電子科技股份有限公司  
**CHENMING MOLD IND. CORP.**

**Shareholders' regular meeting of  
Year 2017**

# **Meeting Agenda Handbook**

Date of the Meeting: June 16, 2017

Place of the Meeting: Grand Victoria Taipei (No. 168 Jingye 4<sup>th</sup>  
Road, Jhounghshan District, Taipei City

## Table of Contents

One. Agenda of the Meeting .....	1
Two. Procedures for the Meeting	
I. Call the Meeting to Order .....	2
II. The Chairperson's opening speech .....	2
III. Management Presentations (Reports on Company Affairs) .....	2
IV. Adoption & Acknowledgement .....	3
V. Proposals & Discussions .....	4
VI. Elections .....	7
VII. Discussions: .....	8
VIII. Questions and Motions .....	8
IX. Adjournment of the meeting .....	8
Three. Attachment No. I	
I. Business Report of Year 2016 .....	9
II. Supervisors' Review Report .....	12
III. Certified Public Accountant's Audit report and financial statements .....	13
Four. Appendix No. I	
I. Articles of Incorporation .....	29
II. Procedure Rules for Shareholders' Meeting .....	35
III. Regulations Governing Directors and Supervisors Elections .....	38
IV. Procedures for the Acquisition or Disposal of Assets .....	40
V. Shareholding status of directors and supervisors .....	62

Chenming Mold Ind. Corp.

Agenda of Annual Shareholders' Regular Meeting Year 2017

Time of the Meeting: 9:00 a.m. on June 16, 2017

Place of the Meeting: Grand Victoria Taipei (No. 168 Jingye 4th Road,  
Jhounghshan District, Taipei City

One. Call the Meeting to Order

Two. The Chairperson's opening speech

Three. Management Presentations (Reports on Company Affairs):

I. Business Report for Year 2016

II. Supervisors' Review Report on the Financial Statements of Year 2016

III. The Status of Implementation of Buyback in Treasury Stocks

IV. Distribution of Remuneration to Employees and Directors and  
Supervisors

Four. Adoption & Acknowledgement

I. 2016 Business Report and Financial Statements

II. Adoption of Distribution of 2016 Profits

Five. Proposals & Discussions:

I. Amendment to the Company's "Procedures for the Acquisition or  
Disposal of Assets"

Six. Elections:

Re-election of the Company's Directors and Supervisors

Seven. Discussions:

II. Proposal for Release of the Prohibition on Directors from  
Participation in Competitive Business

Eight. Questions and Motions

Nine. Adjournment of the meeting

One. Call the Meeting to Order

Two. The Chairperson's opening speech

Three. Management Presentations (Reports on Company Affairs)

Issue of Report No. I (Proposed by the Board of Directors)

Subject: Business Report for Year 2016 Please discuss and resolve as appropriate.

Descriptions: I. For Business Report, Please refer to Attachment No. I (p. 9~11).  
II. Financial statements. Please refer to Attachment No. III (p.13~28).

Issue of Report No. II (Proposed by the Board of Directors)

Subject: The Supervisors' Audit for 2016 Financial Statements upon Final Account Settlement Please discuss and resolve as appropriate.

Descriptions: The Supervisors' Review Report. Please refer to Attachment No. II (p. 12).

Issue of Report No. III (Proposed by the Board of Directors)

Subject: The Status of Implementation of Buyback in Treasury Stocks. Please discuss and resolve as appropriate.

Descriptions : The Status of Implementation of Buyback in Treasury Stocks in Year 2016 has been duly verified by the Financial Supervisory Commission. The facts of buyback are described below:

Unit: New Taiwan Dollars

Term of buyback	The first buyback 2016
Purposes of buyback	In an effort to safeguard the Company's credit standing and shareholders' equity
Period of buyback	2016/05/26~2016/07/22
Price range of buyback	NT\$ 9 ~NT\$ 14
The categories and quantities of buyback	8, 000, 000 common shares
Amount of buyback	NT\$117, 651, 115
Number of shares having been cancelled and transferred	8, 000, 000 shares
Accumulated holding of the Company's shares	0 share
Percentage of accumulated holding of the Company's shares accounting for the aggregate total of outstanding shares	0%
Date of verification	2016/07/20
File number of verification	Letter Jin-Guan-Zheng-Jiao-Zi 1050028848

#### Issue of Report No. IV(Proposed by the Board of Directors)

- Subject: Status of distribution of remuneration to employees and directors and supervisors. Please discuss and resolve as appropriate.
- Descriptions: I. Pursuant to the Company's Articles of Incorporation, out of the Company's profit, if any, a sum 2% minimum shall be amortized as remuneration to employees and a sum within 2% maximum shall be amortized as remuneration to directors and supervisors.
- II. Pursuant to the aforementioned provision, the Company appropriates NT\$8 million as remuneration to employees and amortizes NT\$1.5 million as remuneration to directors and supervisors , both to be distributed in cash. The amounts of distributions show no different gap for the anticipated amounts.

#### Four. Adoption & Acknowledgement

##### Issue to be acknowledged No. I: (Proposed by the Board of Directors)

- Subject: The Business Report and Financial Statements for Year 2016 are posed for acknowledgement.
- Descriptions: I. The Company's Financial Statements for Year 2016 have been duly completed in production and further audited and certified by Certified Public Accountants Yen Hsing-Fu and Kuo Kuan-Ying of KPMG Certified Public Accountants who have worked out the Audit Report in dossier. The Business Report, the Audit Report thereof along with the Proposed Distribution of Earnings have been duly audited by the Supervisors.
- II. For details of the aforementioned Books and Statements, please refer to Attachment I~III annexed the Meeting Agenda Handbook (p. 9~28).
- III. Your acknowledgement is cordially invited and shall be appreciated.

Resolution:

##### Issue to be acknowledged No. II: (Proposed by the Board of Directors)

- Subject: The distribution of earning in Year 2016 is herewith duly posed for acknowledgement.
- Descriptions: I. In 2016, the Company's beginning unappropriated retained earnings amounted to NT\$145, 283, 120. After cancellation of treasury stocks and actuarial profit and/or loss for pension added with the net profit after tax of the present term NT\$197, 800, 496, with amortization of legal reserve at 10%, i.e., an amount of NT\$19, 780, 050 in accordance with the Articles of Incorporation, further with amortization of special reserve NT\$29, 977, 717, the distributable earning came to NT\$ 252, 350, 563. It is proposed that a sum NT\$84, 967, 509 is taken for distribution of bonus to shareholders, as detailed in Table of Distribution of Earnings.
- II. The cash dividend amounted to NT\$84, 967, 509. After the proposal passes the shareholders' meeting, the Board of

Directors will schedule the base (reference) date for dividend distribution and other issues concerned. The dividend shall be distributed based on the number of shares held by shareholders as shown through shareholders register as of the dividend distribution base date. As calculated based on the current shareholding status, each share is distributed with NT\$0.5 to be rounded off to the nearest whole number of New Taiwan Dollars (and the decimal below one New Taiwan Dollar shall be discarded). The aggregate total of the final odd number shall be entered into the Company's "other revenues".

III. In the event that the percentages of the distribution of earnings mentioned in the preceding Paragraph call for an adjustment hereafter as a result of change in law, adjustment by the competent authorities of the government, or the impact upon the number of outstanding shares due to buyback of shares by the Company, it is proposed that the Board of Directors be bestowed with full power to adjust the percentage of dividend distribution and such issues concerned.

IV. Your acknowledgement is cordially invited and shall be appreciated.

Resolution:

Chenming Mold Ind. Corp.

Table of Distribution of Earnings, 2016

Unit: New Taiwan Dollars

Items	Amount
<b>Beginning earning accumulated</b>	<b>145,283,120</b>
Less: Cancellation of treasury stocks	(36,958,066)
Add: Changes in actuarial profit and/or loss of pension	(4,017,220)
Add: Net profit after tax this term	197,800,496
Less: Legal reserve	(19,780,050)
Less: Special reserve	(29,977,717)
<b>Post-adjustment unappropriated retained earnings at end of the term</b>	<b>252,350,563</b>
<b>Distributable earning</b>	<b>252,350,563</b>
Items of distribution	
<b>Bonus to shareholders – Cash dividend</b>	<b>(84,967,509)</b>
<b>Unappropriated retained earnings at end of the term</b>	<b>167,383,054</b>

Note: Preferential distribution of earning, year 2016.

Chairman: Lin Mu-He General Manager: Lin Mu-He Chief Accountant: Lo Chih-Chi

Five. Proposals & Discussions:

Issue for discussion No. I: (Proposed by the Board of Directors)

Subject: Proposal for amendment to the Company's "Procedures for the Acquisition or Disposal of Assets". Please discuss and resolve the decision as appropriate.

Descriptions: I. As required by Financial Supervisory Commission, Executive Yuan with its Letter Jin-Guan-Zheng-Fa-Zi 1060001296 dated

February 9, 2017, it is proposed that the Company’s “Procedures for the Acquisition or Disposal of Assets” shall be amended.

The contents of amendment are enumerated below:

II. Please resolve the decision as appropriate

Resolution:

Contents of Procedures for the Acquisition or Disposal of Assets, before and after amendment in comparison

Post-amendment contents	Pre-amendment contents	Descriptions
<p>Article III Procedures of evaluation (V) Where the Company merges, demerges, gets segmented or transfers shares, the Company shall retain a Certified Public Accountant, Attorney-at-Law or securities underwriter to offer opinions about rationality of the share swap ratio, acquirement price or cash or other property to be distributed to shareholders before the Board of Directors Meeting and submit such opinions to the Board of Directors for discussion. <u>In case of a public company that merges a subsidiary which holds 100% of outstanding shares either directly or indirectly or a merger among its subsidiaries, nevertheless, the opinion on rationality to be issued by the aforementioned experts may be exempted.</u></p>	<p>Article III Procedures of evaluation (V) Where the Company merges, demerges, gets segmented or transfers shares, the Company shall retain a Certified Public Accountant, Attorney-at-Law or securities underwriter to offer opinions about rationality of the share swap ratio, acquirement price or cash or other property to be distributed to shareholders before the Board of Directors Meeting and submit such opinions to the Board of Directors for discussion.</p>	<p>This is to be duly handled in accordance with Article 22 of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.</p>
<p>Article V. Procedures for Public Announcement (I) Where the Company acquires or disposes of property and meets a situation falling within those enumerated below, the Company shall, based on the format and contents specified by the competent authority, launches public announcement and declaration through the website designated by the Financial Supervisory Commission, Executive Yuan within two (2) days from occurrence of the fact. 1. Where the Company acquires from or disposes of real estate with a related party or Company acquires from or disposes of assets other than real estate with a related party with transaction amount up to 20% of the Company’s paid-in capital or up to 10% of the Company’s total assets or in amount in excess of NT\$300 million. Except buying and selling of government bonds or bonds in repo and reverse repo terms, subscription to or <b>repurchase</b> of fund in domestic markets issued by</p>	<p>Article V. Procedures for Public Announcement (I) Where the Company acquires or disposes of property and meets a situation falling within those enumerated below, the Company shall, based on the format and contents specified by the competent authority, launches public announcement and declaration through the website designated by the Financial Supervisory Commission, Executive Yuan within two (2) days from occurrence of the fact. 1. Where the Company acquires from or disposes of real estate with a related party or Company acquires from or disposes of assets other than real estate with a related party with transaction amount up to 20% of the Company’s paid-in capital or up to 10% of the Company’s total assets or in amount in excess of NT\$300 million. Except buying and selling of government bonds or bonds with repo and reverse repo terms, subscription to or redemption of funds in domestic money markets.</p>	<p>This is to be duly handled in accordance with Article 30 of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.</p>

<p>domestic <b><u>securities investment &amp; trust enterprises</u></b></p> <p>2. Where the Company launches a merger, demerger, acquirement or accepts transfer of shares</p> <p>3. Where the Company engages in transaction derivative financial instruments and, as a result, undergoes a loss up to the amount set forth under Article 14, Chapter Three of these Procedures or the maximum limit in the loss in an individual contract.</p> <p>4. The transaction in assets other than those three preceding Paragraphs, an event while a financial institution disposes of creditor's right or investment in Mainland China, with amount of transaction up to 20% of the Company's paid-in capital or an amount of NT\$300 million. Except, nevertheless, a situation among those enumerated below:</p> <p>(1) Purchase and sales of government bonds.</p> <p>(2) Purchase and sales of bonds with repo and reverse repo terms, subscription to or <b><u>repurchase</u></b> of fund in domestic money markets <b><u>issued by domestic securities investment &amp; trust enterprises</u></b></p> <p>(3) Acquirement or disposal of assets in the category as equipment &amp; facilities oriented to use for business operation with the target of transaction not as a related party, <b><u>in an amount of transaction up to one within those enumerated below:</u></b></p> <p>(a) <b><u>A public company with paid-in capital not up to NT\$10 billion, with transaction amount in excess of NT\$500 million.</u></b></p> <p>(b) <b><u>A public company with paid-in capital not up to NT\$10 billion, with transaction amount in excess of NT\$1 billion.</u></b></p> <p>(III) Where an item in an announcement is erroneous or left out in a public announcement and calls for a correction, <b><u>all such items shall be put into a public announcement anew for entirety within two (2) days therefrom.</u></b></p>	<p>2. Where the Company launches a merger, demerger, acquirement or accepts transfer of shares</p> <p>3. Where the Company engages in transaction derivative financial instruments and, as a result, undergoes a loss up to the amount set forth under Article 14, Chapter Three of these Procedures or the maximum limit in the loss in an individual contract.</p> <p>4. The transaction in assets other than those three preceding Paragraphs, an event while a financial institution disposes of creditor's right or investment in Mainland China, with amount of transaction up to 20% of the Company's paid-in capital or an amount of NT\$300 million. Except, nevertheless, a situation among those enumerated below:</p> <p>(1) Purchase and sales of government bonds.</p> <p>(2) Purchase and sales of bonds with repo and reverse repo terms, subscription to and redemption of funds in domestic money market.</p> <p>(3) Acquirement or disposal of assets as machinery &amp; equipment in the category oriented to use for business operation with the target of transaction not as a related party, with amount of transaction not above NT\$500 million.</p> <p>(III) Where an item in an announcement is erroneous or left out in a public announcement and calls for a correction, all such items shall be put into the public announcement anew for the entirety.</p>	
<p>Article VI Procedures for asset appraisal</p> <p>Where the Company acquires or disposes of real estate or equipment, except transaction with, <b><u>or an event where the land is acquired under an arrangement</u></b> on engaging</p>	<p>Article VI Procedures for asset appraisal</p> <p>Where the Company acquires or disposes of real estate or equipment, except transaction with government, or an event where the land is acquired under an arrangement on</p>	<p>This is to be duly handled in accordance with Article 9 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".</p>



<p>others to build on the Company's own land, engaging others to build on rented land, or where the Company acquires or disposes of machinery &amp; equipment oriented to use for own business operation with amount of transaction up to 20% of the Company's paid-in capital or above NT\$300 million, except a transaction with government authority, the Company shall obtain appraisal report issued by a professional appraiser before occurrence of such fact (Cf. Attachment I annexed hereto for the indispensable entries) and shall be further consistent with the requirements enumerated below. Where the Company acquires or disposes of assets through auction procedures with a court, the verifying document issued by that court is acceptable instead of the appraisal report or the Certified Public Accountant's opinion.</p>	<p>engaging others to build on the Company's own land, engaging others to build on rented land, or where the Company acquires or disposes of machinery &amp; equipment oriented to use for own business operation with amount of transaction up to 20% of the Company's paid-in capital or above NT\$300 million, except a transaction with government authority, the Company shall obtain appraisal report issued by a professional appraiser before occurrence of such fact (Cf. Attachment I annexed hereto for the indispensable entries) and shall be further consistent with the requirements enumerated below. Where the Company acquires or disposes of assets through auction procedures with a court, the verifying document issued by that court is acceptable instead of the appraisal report or the Certified Public Accountant's opinion.</p>	
--	---	--

## Six. Elections

### Elections: (Proposed by the Board of Directors)

Subject: Proposal on re-election of the Company's directors and supervisors.

- Descriptions:
- I. The tenure of office held by the Company's incumbent directors and supervisors are going to expire by June 12, 2017. As required under the Company Act and these Articles of Incorporation, re-election for seven directors (including two independent directors) and two supervisors shall be held by the shareholders' regular meeting to be convened on June 16, 2017.
  - II. The newly elected directors and supervisors shall hold a three-year tenure of office starting from June 16, 2017 until June 15, 2020.
  - III. Pursuant to the Company's Articles of Incorporation, the independent directors shall be elected in candidate nomination system. The candidates on the list have satisfactorily passed the review by the Board of Directors as enumerated below:

Serial number	Name	Number of shares held	Principal degree certificates, certificates of work experience:
1	Lin Chiang-Feng	0	Hands-on experience: Associate Professor, Department of International Business, Tamkang University; Chief Executive Officer (CEO) of EMBA, Tamkang University; Taiwan WTO Center Consultant, Chung Hua Institution for Economic Research

			Academic degrees: Doctor of Law, University of Wisconsin-Madison, the United States
2	Chang Yi-Min	0	Hands-on experience: Certified Public Accountant in public practice, National Taxation Bureau of the South Area; Chu Cheng Certified Public Accountant Office Academic degree: Department of Accounting, Tamkang University

IV. Please hold election process as necessary

Outcome of the election:

Seven. Discussions:

Issue for discussion No. II: (Proposed by the Board of Directors)

Subject: Proposal of Release the Prohibition on Directors from Participation in Competitive Business. Please discuss and resolve the decision as appropriate.

- Descriptions:
- I. As expressly provided for in Article 209 of the Company Act: A director who does anything for himself or herself or on behalf of another person that is within the scope of the Company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
  - II. For directors newly elected for the current session, it is proposed for release the Prohibition on Directors from Participation in Competitive Business.
  - III. Please resolve the decision as appropriate

Resolution:

Eight. Questions and Motions

Nine. Adjournment of the meeting

Chenming Mold Ind. Corp.  
Business Report of Year 2016

During 2016, amidst the rapid changes in information and communications industries, everyone at the Company continued the efforts to optimize the product portfolio strategies, deployment, innovation and transformation. Other than the efforts to adjust the operating strategies, the Company's management emphasized differentiation and diversification. Meanwhile, toward the current core products, we have continued enhancement to optimize product development & design, production flow and cost structure. Thanks to such concerted efforts, we have successfully maintained and enhanced competitive edge to effectively deal with the changes in the macro-environments.

Business transaction and research & development outcome yielded in 2016

In 2016, the net consolidated operating revenues came to NT\$4.274785 billion, a 31.86% growth as compared with the NT\$3.24191 billion operating revenue attained in the preceding year. The net profit came to NT\$197.801 million; a growth as astonishingly as 184.31% when compared with NT\$69.572 million net profit accomplished in 2015. The earnings per share (EPS) came to NT\$1.14; another astonishing growth as much as 192.31% when compared with NT\$0.39 earnings per share (EPS) as of 2015.

Research & development outcome

- (1) The Company successfully developed Fe-3%Si soft magnetic materials the characteristics of which are consistent with the MPIF criteria. Such Fe-3%Si soft magnetic materials have so far been successfully loaded into the parts & components for vehicular batteries.
- (2) The Company has satisfactorily completed the manufacturing process for pure copper and copper-18% nickel high fluidity thermal degreasing MIM and set up pure copper and copper-18% nickel database. These newly developed materials and process could be used onto heat dissipation elements and exteriority products (e.g., musical instrument parts & components).
- (3) Toward demands for varied products (high/low liquidity, thick/thin product structure, strong flakes), the Company has set up a series of formulas and databases that enable us to gain added flexibility and room in choices of production. For those innovative products and process, we have applied for a good number of patents on MIM formula. These brilliant research & development outcomes have been presented in international academic APMA conferences.
- (4) Our research programs have aimed at the impacts of a variety of specific chemicals upon MIM manufacturing process. In the profound research and studies, we look into the link between the characteristics and product design and successfully introduced them into reuse of scrap MIM materials. Thanks to such efforts, we have significantly reduced the costs of scrap materials.
- (5) Aiming at SUS 17-4PH, the Company conducted a series of foundational research

and analysis programs and, as a result, successfully set up internal standard norms for use of 17-4PH powder materials. Further we adopted high liquidity adhesive formula and successfully developed 17-4 PH thermal desorption type feed with shrinking percentage exactly same as the BASF 17-4 PHX feed commonly seen in the market. In the future, such materials are applicable to MIM products with thin piece characteristics.

- (6) Our Company also successfully developed PVD TiC anti-adhesion vacuum coating technology which has been adopted onto medical care products. At the moment, those new medical care products are under the phase of clinical test.
- (7) Our Company has already developed new generation computer transmission interface USB Type-C Receptacle MIM framed onto desktops /notebook related products in extensive application.

Prospective annual outlook on business performance and 2017 research & development programs.

Here at Chenming Mold Ind. Corp., we have spared no effort to leverage and employ cloud sever products. Other than the efforts to guide into production of automated machinery & equipment, we continually enhance quality and efficiency to dominate the competitive edge through comprehensive services toward customers to help them broaden market layouts. Amidst our continued expansion in production advantage in the MIM (metal power injection molding), we have precisely aimed at handheld products and wearable parts & components at the key targets. It is our earnest hope that through our enhanced manufacturing process technology & know-how and differentiated products and services, our customers will expand their utilization onto their production lines.

Research & development programs

- (1) We have developed and set up autonomous nitric acid degreased adhesives ready for use for high idiozome strength (pre-sintering) and idiozome machinery processing (pre-sintering) in the not too distant future. By then, we shall further apply for patents.
- (2) Through continued and uninterrupted efforts in research, we will further develop interactions among a variety of specific chemicals with attempt to make maximum possible utilization of additives and lubricants, we shall enhance MIM feed liquidity toward MIM products in tiny dimension characterized by thin pieces while we shall apply for patents for such development.
- (3) We have developed titanium and titanium alloy MIM manufacturing process in the hope to put them into use in MIM medical care markets.
- (4) Further through continued and uninterrupted efforts, we have developed toward high performance soft magnetic materials, notably: Fe-50%Co and the like. We anticipate

to put such products into use upon high performance soft magnetic materials onto 3C, handheld products, notably: Wireless charging, applicable onto small sized high soft magnetic products.

- (5) We shall continually develop CIM (Ceramic Injection Molding) sintering and surface treatment crafts.
- (6) Toward SUS 316L, we shall continually launch a series of foundational research and analysis programs and, meanwhile, set up standard norms for a variety of powder materials.
- (7) In unceasing efforts, we shall develop new generation computer transmission interface USB Type-C Receptacle MIM frames to be used onto handheld products.
- (8) Also with unceasing efforts, we shall launch dismountable server racks.

Amidst the harsh business environment throughout the world, the entire management teams of our Company cannot afford to easy up or slack off. Instead, with a rigorously responsible attitude, we shall strive for optimized cost structure to serve our incumbent clients in secured pace on a reciprocal basis. With added sincerity and momentum, we shall broaden our customer bases to safeguard our current competitive edge toward added growth and profits. In an effort to assure Chenming Mold Ind. Corp. has sustainable development with sound growth in every year, we spare no effort to enhance our business performance so as to live up to utmost satisfaction by shareholders and customers. In the aspect of corporate governance, we shall endeavor toward enhanced Corporate Identity System (CIS), Corporate Social Responsibility (CSR) with concrete hands-on practice in public issues. It is our earnest hope that through our aforementioned endeavors, we may successfully win approval and support from our cherished shareholders.

Chairman: Lin Mu-He    General Manager: Lin Mu-He    Chief Accountant: Lo Chih-Chi

Chenming Mold Ind. Corp.

Supervisors' Review Report

Please find enclosed herewith

The Financial Statements 2016 of the Company worked out and submitted by the Board of Directors which have been duly audited by Certified Public Accountants Yen Hsing-Fu and Kuo Kuan-Ying of KPMG Certified Public Accountants have been duly reviewed along with the Business Report and Distribution of Earnings by the Supervisors and are herewith submitted for verification in accordance with Article 219 of the Company Act.

Attn.:

The Company's shareholders' regular meeting Year 2017

Supervisor: Lin Po-Hsiang

Lin Pei-Yu

April 28 2017

## Independent Auditors' Report

To the Board of Directors of CHENMING MOLD IND. CORP:

### **Opinion**

We have audited the consolidated financial statements of CHENMING MOLD IND. CORP (“the Group”), which comprise the consolidated statement of financial position as of December 31, 2016 and 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended December 31, 2016 and 2015, and notes to the consolidated financial statements, including a summary of significant accounting policies. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2016 and 2015 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audit in accordance with the “Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants” and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **1. Inventory valuation**

Please refer to Note (4)(h) for inventories, Note (5) for accounting estimate of inventory valuation, and Note (6)(d) for information regarding the inventory and related expenses of the consolidated financial statements.

Description of key audit matters:

Due to the impact of product life cycle and customized design, the price variability for the inventories of the Group are expected to change. Therefore, the test of inventory valuation is one of the significant evaluation in our audit procedures.

Our principal audit procedure included: testing the related controls of production cycle and assessing the allowance for loss due to price decline, as well as obsolete and slow moving inventories to determine whether they are in compliance with the Company's accounting policies; inspecting the inventory aging statement; analyzing the subsequent sales status, and assessing the adopted net realizable value basis for obsolete inventories to verify the rationality of assessment on allowance estimated by the management authority of the Group.

## 2. Valuation of Accounts Receivable

Please refer to note (4)(g) "Financial assets" for accounting policies relating to valuation of accounts receivable, Note (5) for uncertainties in recovery of accounts receivable, and Note (6)(C) for the information on accounts receivable.

Description of key audit matters:

Payments from an overseas client have been postponed due to its financial difficulties, and its bankruptcy application has been approved by the overseas legal authorities. The management recorded the allowance in full and recognized the bad debt losses. The loss amount is significant, and as a result, it has been considered to be the key matter in our audit.

Our principal audit procedure included: acquiring the management's understanding in the financial status of the client, and the estimated amount of allowance for bad debt and its basis of assessment to evaluate the rationality of the management's estimation in the allowance for doubtful accounts.

## 3. Business Combination

Please refer to note (4)(s) "Business Combination" for accounting policies with respect to business combination, note (5) for the uncertainty in business combination, and note (6)(e) "Acquisition of subsidiaries" for the business combination.

Description of key audit matters:

CHENMING MOLD IND. CORP purchased 42.7% of the shareholdings of CHENMING ELECTRONIC (NINGBO) CO., LTD. from a related party, increasing its holding proportion from 9.3% to 52%. Therefore, CHENMING MOLD IND. CORP. obtained control over CHENMING ELECTRONIC (NINGBO) CO., LTD. The combination has been prepared by using the acquisition method and was included in the consolidated financial statements, as a result, it has been considered to be the key matter in our audit.

Our principal audit procedure included: inquiring and evaluating the judgement basis of the management in identifying the acquirer, as well as determining the acquisition date. Acquiring its basis of assessment for fair market value, including identifiable asset and non-controlling interests; evaluating the rationality of recognition and measurement made by the management; understanding and evaluating whether the management conducted and disclosed the business combination in accordance with the International Financial Reporting Standards.

### **Other Matter**

CHENMING MOLD IND. CORP. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2016 and 2015, on which we have issued an unmodified opinion.



## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.

We are responsible for the direction, supervision and performance of the group audit.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication. The engagement partners on the audit resulting in this independent auditors' report are Hsin Fu Yen and Kuan-Ying Kuo.

KPMG

Taipei, Taiwan (Republic of China)

March 6, 2017

#### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2016 and 2015**

(Expressed in, New Taiwan Dollars)

Assets		December 31, 2016		December 31, 2015		Liabilities and Equity		December 31, 2016		December 31, 2015	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note 6(a))	\$ 604,885	15	333,278	10	2100	Short-term borrowings (note 6(h))	\$ 140,000	4	150,000	4
1110	Current financial assets at fair value through profit or loss (note 6(b))	-	-	2,004	-	2170	Notes and Accounts payable	809,110	19	500,865	15
1170	Notes and Accounts receivable, net (note 6(c))	1,159,060	28	881,123	25	2200	Other payables (note 6(b) and 7)	277,646	7	191,367	-
1310	Inventories, net (note 6(d))	629,934	15	500,881	15	2220	Other payables-related parties (note 6(e))	74,175	2	-	6
1476	Other current financial assets (notes 6(c) and 7)	13,693	-	2,539	-	2230	Current tax liabilities (note 6(l))	13,763	-	31,660	1
1479	Other current assets	50,665	1	67,881	2	2300	Other current liabilities	1,451	-	1,116	-
		<u>2,458,237</u>	<u>59</u>	<u>1,787,706</u>	<u>52</u>	2320	Long-term liabilities, current portion (note 6(i))	-	-	36,000	1
								<u>1,316,145</u>	<u>32</u>	<u>911,008</u>	<u>27</u>
<b>Non-current assets:</b>						<b>Non-Current liabilities:</b>					
1523	Non-current available-for-sale financial assets (note 6(b))	-	-	175,215	5		Long-term borrowings (note 6(i))	238,000	6	280,000	8
1600	Property, plant and equipment (notes 6(f) and 8)	1,180,980	28	1,043,626	30	2540	Deferred tax liabilities (note 6(i))	7,217	-	6,063	-
1760	Investment property, net (notes 6(g) and 8)	201,349	5	202,587	6	2570	Guarantee deposits received	9,552	-	9,362	-
1780	Intangible assets	3,555	-	2,116	-			<u>254,769</u>	<u>6</u>	<u>295,425</u>	<u>8</u>
1840	Deferred tax assets (note 6(l))	1,248	-	16,157	1		<b>Total liabilities</b>	<u>1,570,914</u>	<u>38</u>	<u>1,206,433</u>	<u>35</u>
1980	Other non-current financial assets (note 8)	15,455	-	6,139	-	<b>Equity attributable to owners of parent:</b>					
1985	Long-term prepaid rents (note 6(j))	270,009	7	169,723	5	3100	Ordinary shares (note 6(m))	1,699,350	41	1,779,350	52
1990	Other non-current assets (note 6(k))	38,662	1	39,920	1	3200	Capital surplus (note 6(m))	14,722	-	15,415	-
		<u>1,711,258</u>	<u>41</u>	<u>1,655,483</u>	<u>48</u>	3300	Retained earnings (note 6(m))	534,525	13	431,080	13
						3410	Exchange differences on translation of foreign financial statements	(29,978)	(1)	-	-
						3425	Unrealized gain or loss on available-for-sale financial assets	-	-	10,911	-
								<u>2,218,619</u>	<u>53</u>	<u>2,236,756</u>	<u>65</u>
						36XX	Non-controlling interests	379,962	9	-	-
								<u>2,598,581</u>	<u>62</u>	<u>2,236,756</u>	<u>65</u>
							<b>Total equity</b>	<u>2,598,581</u>	<u>62</u>	<u>2,236,756</u>	<u>65</u>
<b>Total assets</b>		<u>\$ 4,169,495</u>	<u>100</u>	<u>3,443,189</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 4,169,495</u>	<u>100</u>	<u>3,443,189</u>	<u>100</u>

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2016 and 2015**

**(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

	2016		2015	
	Amount	%	Amount	%
4000 <b>Net sales revenue (notes 6(o) and 7)</b>	\$ 4,274,785	100	3,241,910	100
5000 <b>Cost of sales (notes 6(d), 7, and 12)</b>	3,666,741	86	2,926,135	90
5900 <b>Gross profit</b>	608,044	14	315,775	10
6000 <b>Operating expenses (note 12):</b>				
6100 Selling expenses	117,575	3	108,792	4
6200 Administrative expenses	188,516	4	127,780	4
6300 Research and development expenses	40,737	1	41,037	1
	346,828	8	277,609	9
6900 <b>Net operating income</b>	261,216	6	38,166	1
7000 <b>Non-operating income and expenses:</b>				
7050 Finance costs, net	(7,052)	-	(10,875)	-
7100 Interest income	1,305	-	1,431	-
7110 Rent revenue (note 7)	12,865	-	12,667	-
7190 Other expenses and losses	9,339	-	991	-
7230 Foreign exchange gains (note 6(q))	32,677	1	60,350	2
7590 Miscellaneous disbursements	(12,011)	-	(7,199)	-
	37,123	1	57,365	2
7900 <b>Profit before tax</b>	298,339	7	95,531	3
7950 Less: Income tax expenses (note 6(l))	42,286	1	25,959	1
<b>Profit</b>	256,053	6	69,572	2
8300 <b>Other comprehensive income:</b>				
8310 <b>Items that may not be reclassified subsequently to profit or loss</b>				
8311 Gains (losses) on remeasurements of defined benefit plans (note 6(k))	(4,210)	-	557	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(l))	193	-	(95)	-
	(4,017)	-	462	-
8360 <b>Other components of other comprehensive income that will not be reclassified to profit or loss</b>				
8361 Other comprehensive income, before tax, exchange differences on translation of foreign financial statement	(57,650)	(1)	-	-
8362 Unrealised gains (losses) on valuation of available-for-sale financial assets	(10,911)	-	5,654	-
8399 Income tax relating to items that will be reclassified	-	-	-	-
	(68,561)	(1)	5,654	-
8300 <b>Other comprehensive income, net of tax</b>	(72,578)	(1)	6,116	-
<b>Comprehensive income</b>	<b>\$ 183,475</b>	<b>5</b>	<b>75,688</b>	<b>2</b>
<b>Profit belongs to :</b>				
Parent entity	\$ 197,801	5	69,572	2
Non-controlling interests	58,252	1	-	-
	<b>\$ 256,053</b>	<b>6</b>	<b>69,572</b>	<b>2</b>
<b>Other comprehensive income belongs to :</b>				
Parent entity	\$ 152,895	4	75,688	2
Non-controlling interests	30,580	1	-	-
	<b>\$ 183,475</b>	<b>5</b>	<b>75,688</b>	<b>2</b>
Basic net income per share (note 6(n))	\$	1.14		0.39
Dilution net income per share (note 6(n))	\$	1.13		0.39

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

**CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the years ended December 31, 2016 and 2015**

**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent											
	Share capital	Retained earnings					Total other equity interest					
		Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests
<b>Balance at January 1, 2015</b>	\$ 1,800,000	15,594	212,454	9,730	160,831	383,015	-	5,257	-	2,203,866	-	2,203,866
Earning distribution:												
Legal reserve appropriated	-	-	13,005	-	(13,005)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(9,730)	9,730	-	-	-	-	-	-	-
Profit for the nine year ended December 31, 2015	-	-	-	-	69,572	69,572	-	-	-	69,572	-	69,572
Other comprehensive income	-	-	-	-	462	462	-	5,654	-	6,116	-	6,116
Comprehensive income					70,034	70,034		5,654		75,688		75,688
Other changes in capital surplus:												
Purchase of treasury stock	-	-	-	-	-	-	-	-	(42,798)	(42,798)	-	(42,798)
Retirement of treasury stock	(20,650)	(179)	-	-	(21,969)	(21,969)	-	-	42,798	-	-	-
Balance at December 31, 2015	1,779,350	15,415	225,459	-	205,621	431,080	-	10,911	-	2,236,756	-	2,236,756
Earning distribution:												
Cash dividends of ordinary share	-	-	-	-	(53,381)	(53,381)	-	-	-	(53,381)	-	(53,381)
Legal reserve appropriated	-	-	6,957	-	(6,957)	-	-	-	-	-	-	-
Profit for the year ended December 31, 2016	-	-	-	-	197,801	197,801	-	-	-	197,801	58,252	256,053
Other comprehensive income	-	-	-	-	(4,017)	(4,017)	(29,978)	(10,911)	-	(44,906)	(27,672)	(72,578)
Comprehensive income					193,784	193,784	(29,978)	(10,911)		152,895	30,580	183,475
Other changes in capital surplus:												
Purchase of treasury stock	-	-	-	-	-	-	-	-	(117,651)	(117,651)	-	(117,651)
Retirement of treasury stock	(80,000)	(693)	-	-	(36,958)	(36,958)	-	-	117,651	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	349,382	349,382
<b>Balance at December 31, 2016</b>	<b>\$ 1,699,350</b>	<b>14,722</b>	<b>232,416</b>	<b>-</b>	<b>302,109</b>	<b>534,525</b>	<b>(29,978)</b>	<b>-</b>	<b>-</b>	<b>2,218,619</b>	<b>379,962</b>	<b>2,598,581</b>

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**CHENMING MOLD IND. CORP AND ITS SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2016 and 2015**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>2016</b>	<b>2015</b>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit (loss) before tax</b>	\$ 298,339	95,531
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	265,020	260,636
Amortization expense	2,389	3,256
Provision (reversal of provision) for bad debt expense	696	3,512
Interest expense	7,052	10,875
Interest income	(1,305)	(1,431)
Loss on abandonment of property, plan and equipment, net	5,240	7,109
Loss (gain) on disposal of investment properties	11,402	7,287
<b>Total adjustments to reconcile profit (loss)</b>	290,494	291,244
Decrease (increase) in financial assets held for trading	1,889	(2,000)
Decrease (increase) in notes receivable, net	84,954	25,005
Decrease (increase) in inventories, net	(45,792)	(99,406)
Decrease (increase) in prepayments	33,734	(16,878)
Decrease (increase) in other financial assets	(10,068)	1,915
Increase (decrease) in notes payable	137,458	15,763
Increase (decrease) in other current liabilities	(18,666)	19,570
<b>Total changes in operating assets and liabilities</b>	183,509	(56,031)
<b>Total adjustments</b>	474,003	235,213
Cash inflow (outflow) generated from operations	772,342	330,744
Interest received	1,317	1,566
Income taxes refund (paid)	(40,981)	(2,289)
<b>Net cash flows from (used in) operating activities</b>	732,678	330,021
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of non-current assets classified as held for sale	35,762	-
Acquisition of property, plant and equipment	(177,584)	(164,844)
Proceeds from disposal of property, plant and equipment	3,632	2,656
Acquisition of intangible assets	(3,828)	(1,271)
Decrease in prepayments for business facilities	(13,927)	(8,643)
Decrease (increase) in other current financial assets	-	21,000
Other	(9,316)	(4,960)
<b>Net cash flows from (used in) investing activities</b>	(165,261)	(156,062)
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	(10,000)	(100,000)
Decrease in other borrowings	50,000	190,000
Increase in notes and bonds issued under repurchase agreement	(128,000)	(183,000)
Cash dividends paid	(53,381)	-
Payments to acquire treasury shares	(117,651)	(42,798)
Interest paid	(7,146)	(10,640)
Other	190	550
<b>Net cash flows from (used in) financing activities</b>	(265,988)	(145,888)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(29,822)	-
<b>Net increase (decrease) in cash and cash equivalents</b>	271,607	28,071
<b>Cash and cash equivalents at beginning of period</b>	333,278	305,207
<b>Cash and cash equivalents at end of period</b>	\$ 604,885	333,278

## Independent Auditors' Report

To the Board of Directors of CHENMING MOLD IND. CORP:

### Opinion

We have audited the financial statements of CHENMING MOLD IND. CORP("the Company"), which comprise the statement of financial position as of December 31, 2016 and 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended December 31, 2016 and 2015, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016 and 2015, and its financial performance and its cash flows for the year ended December 31, 2016 and 2015 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### 1. The share of profit (loss) of associates and joint ventures accounted for using equity method - Subsidiary's Inventory valuation

Please refer to Note (4)(h) the share of profit (loss) of associates and joint ventures accounted for using equity method - subsidiary's inventory valuation, Note (5) for subsidiary's inventories and accounting estimate of inventory valuation, and Note (6)(e) for information regarding the share of profit (loss) of associates and joint ventures accounted for using equity method - subsidiary's inventory valuation.

Description of key audit matters:

Due to the impact of product life cycle and customized design in electronics industry, the price variability for the inventories of the Company are expected to change. Therefore, the test of the share of profit (loss) of associates and joint ventures accounted for using equity method - subsidiary's inventory valuation is one of the significant evaluation in our audit procedures.

#### Audit Procedure:

Our principal audit procedure included: testing the related controls of subsidiary's production cycle and assessing the allowance for loss due to price decline, as well as obsolete and slow moving inventories, to determine whether they are in compliance with the Company's accounting policies; inspecting the inventory aging statement; analyzing the subsequent sales status, and assessing the adopted net realizable value basis for obsolete inventories to verify the rationality of assessment on allowance estimated by the management authority of the Company.

#### **2. Valuation of Accounts Receivable**

Please refer to note (4)(f) "Financial assets" for accounting policies relating to valuation of accounts receivable, Note (5) for uncertainties in recovery of accounts receivable, and Note (6)(C) for the information on accounts receivable.

#### Description of Key Audit Matters:

Payments from an overseas client have been postponed due to its financial difficulties, and its bankruptcy application has been approved by the overseas legal authorities. The management recorded the allowance in full and recognized the bad debt losses. The loss amount is significant, and as a result, it has been considered to be the key matter in our audit.

Our principal audit procedure included: acquiring the management's understanding in the financial status of the client, and the estimated amount of allowance for bad debt and its basis of assessment to evaluate the rationality of the management's estimation in the allowance for doubtful accounts.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hsin-Fu Yen and Kuan-Ying Kuo.

KPMG  
Taipei, Taiwan (Republic of China)  
March 17, 2017

#### **Notes to Readers**

The accompanying financial statements are intended only to present the statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
CHENMING MOLD IND. CORP

Balance Sheets

December 31, 2016 and 2015

(Expressed in, New Taiwan Dollars)

Assets		December 31, 2016		December 31, 2015		Liabilities and Equity		December 31, 2016		December 31, 2015	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note 6(a))	\$ 278,294	9	195,799	7	2100	Short-term borrowings (note 6(h))	\$ 140,000	5	150,000	5
1110	Current financial assets at fair value through profit or loss (note 6(b))	-	-	2,004	-	2170	Accounts payable	9,203	-	9,079	-
1170	Accounts receivable, net (notes 6(c) and 7)	746,868	23	633,014	21	2180	Accounts payable to related parties (note 7)	522,051	16	167,320	6
1310	Inventories, net (note 6(d))	1,610	-	1,490	-	2230	Current tax liabilities	13,763	-	31,660	1
1476	Other current financial assets (notes 6(c) and 7)	-	-	557	-	2200	Other payables (note 6(b))	59,369	2	35,729	1
1479	Other current assets	515	-	4,072	-	2320	Long-term liabilities, current portion (note 6(i))	-	-	36,000	1
		<u>1,027,287</u>	<u>32</u>	<u>836,936</u>	<u>28</u>	2300	Other current liabilities	5,240	-	4,396	-
								<u>749,626</u>	<u>23</u>	<u>434,184</u>	<u>14</u>
<b>Non-current assets:</b>						<b>Non-Current liabilities:</b>					
1550	Investments accounted for using equity method, net(note 6(e))	1,639,825	51	1,545,347	52	2540	Long-term borrowings (note 6(i))	238,000	8	280,000	10
1600	Property, plant and equipment (notes 6(f) and 8)	321,546	10	329,225	11	2570	Deferred tax liabilities (note 6(l))	7,217	-	6,063	-
1760	Investment property, net (notes 6(g) and 8)	201,349	6	202,587	7	2645	Guarantee deposits received	3,810	-	3,810	-
1840	Deferred tax assets (note 6(l))	1,248	-	16,157	1			<u>249,027</u>	<u>8</u>	<u>289,873</u>	<u>10</u>
1980	Other non-current financial assets	520	-	520	-			<u>998,653</u>	<u>31</u>	<u>724,057</u>	<u>24</u>
1990	Other non-current assets, others (note 6(k))	25,497	1	30,041	1	<b>Total liabilities</b>					
						<b>Share capital:</b>					
						3100	Ordinary shares (note 6(m))	1,699,350	53	1,779,350	60
						3200	Capital surplus(note 6(m))	14,722	-	15,415	1
						3300	Retained earnings (note 6(m))	534,525	17	431,080	15
						3410	Exchange differences on translation of foreign financial statements	(29,978)	(1)	-	-
						3425	Unrealized gains (losses) on available-for-sale financial assets	-	-	10,911	-
								<u>2,218,619</u>	<u>69</u>	<u>2,236,756</u>	<u>76</u>
						<b>Total equity</b>					
<b>Total assets</b>		<u>\$ 3,217,272</u>	<u>100</u>	<u>2,960,813</u>	<u>100</u>	<b>Total liabilities and equity</b>		<u>\$ 3,217,272</u>	<u>100</u>	<u>2,960,813</u>	<u>100</u>

**CHENMING MOLD IND. CORP****Statements of Comprehensive Income**

For the years ended December 31, 2016 and 2015

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	2016		2015	
	Amount	%	Amount	%
4000 <b>Operating revenue</b> (notes 6(o) and 7)	\$ 2,740,828	100	2,496,408	100
5000 <b>Operating costs</b> (notes 6(d) and 7)	2,426,157	89	2,283,550	91
<b>Gross profit (loss) from operations</b>	314,671	11	212,858	9
6000 <b>Operating expenses</b> (note 12):				
6100 Selling expenses	47,594	2	48,862	2
6200 Administrative expenses	103,805	4	81,606	3
6300 Research and development expenses	40,737	1	41,038	2
	192,136	7	171,506	7
6900 <b>Net operating income (loss)</b>	122,535	4	41,352	2
7000 <b>Non-operating income and expenses:</b>				
7050 Finance costs, net	(7,052)	-	(9,957)	-
7100 Interest income	698	-	1,028	-
7110 Rent income(note 6(j))	12,411	1	11,713	-
7190 Other income, others(note 7)	3,175	-	333	-
7230 Foreign exchange gains(note 6(q))	5,208	-	66,248	3
7590 Miscellaneous disbursements	(495)	-	(90)	-
7070 Share of profit (loss) of associates and joint ventures accounted for using equity method, net	103,607	4	(15,096)	(1)
	117,552	5	54,179	2
7900 <b>Profit before tax</b>	240,087	9	95,531	4
7950 Less: Tax expense(note 6(l))	42,286	2	25,959	1
<b>Profit (loss)</b>	197,801	7	69,572	3
8300 <b>Other comprehensive income:</b>				
8310 <b>Components of other comprehensive income that will not be reclassified to profit or loss</b> (note 6(k))				
8311 Gains (losses) on remeasurements of defined benefit plans(note 6(k))	(4,210)	-	557	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss(note 6(l))	193	-	(95)	-
	(4,017)	-	462	-
8360 <b>Other components of other comprehensive income that will not be reclassified to profit or loss</b>				
8361 Exchange differences on translation	(29,978)	(1)	-	-
8380 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(10,911)	-	5,654	-
8399 Other components of other comprehensive income that will be reclassified to profit or loss(note 6(l))	-	-	-	-
	(40,889)	(1)	5,654	-
8300 <b>Other comprehensive income, net</b>	(44,906)	(1)	6,116	-
<b>Total comprehensive income</b>	<b>\$ 152,895</b>	<b>6</b>	<b>75,688</b>	<b>3</b>
Basic earnings per share(note 6(n))	\$	1.14		0.39
Diluted earnings per share(note 6(n))	\$	1.13		0.39

(English Translation of Financial Statements and Report Originally Issued in Chinese)

**CHENMING MOLD IND. CORP**

**Statements of Changes in Equity**

**For the years ended December 31, 2016 and 2015**

**(Expressed in Thousands of New Taiwan Dollars)**

	Retained earnings						Total other equity interest			Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Treasury shares	
<b>Balance at January 1, 2015</b>	\$ 1,800,000	15,594	212,454	9,730	160,831	383,015	-	5,257	-	2,203,866
Earning distribution:										
Reversal of special reserve	-	-	-	(9,730)	9,730	-	-	-	-	-
Legal reserve appropriated	-	-	13,005	-	(13,005)	-	-	-	-	-
Profit for the year ended December 31, 2015	-	-	-	-	69,572	69,572	-	-	-	69,572
Other comprehensive income	-	-	-	-	462	462	-	5,654	-	6,116
Comprehensive income	-	-	-	-	70,034	70,034	-	5,654	-	75,688
Purchase of treasury stock	-	-	-	-	-	-	-	-	(42,798)	(42,798)
Retirement of treasury stock	(20,650)	(179)	-	-	(21,969)	(21,969)	-	-	42,798	-
Balance at December 31, 2015	1,779,350	15,415	225,459	-	205,621	431,080	-	10,911	-	2,236,756
Earning distribution:										
Reversal of special reserve	-	-	6,957	-	(6,957)	-	-	-	-	-
Legal reserve appropriated	-	-	-	-	(53,381)	(53,381)	-	-	-	(53,381)
Profit for the year ended December 31, 2016	-	-	-	-	197,801	197,801	-	-	-	197,801
Other comprehensive income	-	-	-	-	(4,017)	(4,017)	(29,978)	(10,911)	-	(44,906)
Comprehensive income	-	-	-	-	193,784	193,784	(29,978)	(10,911)	-	152,895
Purchase of treasury stock	-	-	-	-	-	-	-	-	(117,651)	(117,651)
Retirement of treasury stock	(80,000)	(693)	-	-	(36,958)	(36,958)	-	-	117,651	-
<b>Balance at December 31, 2016</b>	<b>\$ 1,699,350</b>	<b>14,722</b>	<b>232,416</b>	<b>-</b>	<b>302,109</b>	<b>534,525</b>	<b>(29,978)</b>	<b>-</b>	<b>-</b>	<b>2,218,619</b>

Note: Employees' compensation amounting to \$1,500 and directors' compensation amounting to \$8,000 and \$6,000, were recognized statements of comprehensive income for the years ended December 31, 2016 and 2015, respectively

## CHENMING MOLD IND. CORP

## Statements of Cash Flows

For the years ended December 31, 2016 and 2015

(Expressed in Thousands of New Taiwan Dollars)

	2016	2015
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit (loss) before tax</b>	\$ 240,087	95,531
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	9,798	14,217
Amortization expense	1,652	2,650
Interest expense	7,052	9,957
Interest income	(698)	(1,028)
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method	(103,607)	15,096
Provision (reversal of provision) for bad debt expense	20,088	-
Loss (gain) on disposal of property, plan and equipment	-	(83)
<b>Total adjustments to reconcile profit (loss)</b>	(65,715)	40,809
Decrease (increase) in accounts receivable, net	(133,942)	95,005
Decrease (increase) in inventories, net	(120)	6,649
Decrease (increase) in other current assets	1,168	477
Changes in financial assets at fair value through profit or loss	2,004	(2,000)
Increase (decrease) in notes and accounts payable (including related parties)	354,855	(158,368)
Increase (decrease) in other payable and other current liabilities	23,964	2,798
Other	160	348
<b>Total adjustments</b>	182,374	(14,282)
Cash inflow (outflow) generated from operations	422,461	81,249
Interest received	699	1,174
Income taxes refund (paid)	(40,981)	(2,289)
<b>Net cash flows from (used in) operating activities</b>	382,179	80,134
<b>Cash flows from (used in) investing activities:</b>		
Proceeds from capital reduction of investments accounted for using equity method	(31,760)	-
Acquisition of property, plant and equipment	(881)	(850)
Proceeds from disposal of property, plant and equipment	-	7,487
Acquisition of intangible assets	(865)	(1,000)
Decrease (increase) in other financial assets	-	21,000
Other	-	(324)
<b>Net cash flows from (used in) investing activities</b>	(33,506)	26,313
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term loans	(10,000)	(100,000)
Increase in long-term loans	50,000	190,000
Decrease in long-term loans	(128,000)	(183,000)
Distribution in cash dividend	(53,381)	-
Payments to acquire treasury shares	(117,651)	(42,798)
Interest paid	(7,146)	(9,722)
<b>Net cash flows from (used in) financing activities</b>	(266,178)	(145,520)
<b>Net increase (decrease) in cash and cash equivalents</b>	82,495	(39,073)
<b>Cash and cash equivalents at beginning of period</b>	195,799	234,872
<b>Cash and cash equivalents at end of period</b>	<b>\$ 278,294</b>	<b>195,799</b>

**Chenming Mold Ind. Corp.  
Articles of Incorporation**

Chapter I General Provisions

- Article I: This Company is duly incorporated in accordance with the Company Act in the full name of Chenming Mold Ind. Corp. (hereinafter referred to as the “Company”).
- Article II: The Company shall engage in the following business lines:
- I. A variety of metallic machines, punching machines, steel molds, metallic electrical parts & components purchase, manufacturing, import and export, buy & sales.
  - II. CC01030 Electric appliance and audiovisual electric products manufacturing.
  - III. CC01060 Wired communication equipment and apparatus manufacturing
  - IV. CC01050 Data storage & processing equipment manufacturing.
  - V. CC01070 Telecommunication equipment and apparatus manufacturing
  - VI. CC01080 Electronic parts and components manufacturing.
  - VII. E605010 Computing equipment installation construction
  - VIII. F113070 Wholesale of telecom instruments
  - IX. F213060 Retail Sale of telecom instruments
  - X. F601010 Intellectual property industry.
  - XI. I301010 Software design services.
  - XII. I301020 Data processing services.
  - XIII. I301030 Digital information supply services
  - XIV. I501010 Product design services.
  - XV. IE01010 Telecommunications number agencies
  - XVI. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article II~I: The Company is entitled to render guarantee business externally.
- Article II~II: The Company is entitled to invest externally where the aggregate total of such outward investment may exceed 40% of the Company’s paid-in capital.
- Article III: The Company is headquartered in Taipei City, Taiwan and may have branches set elsewhere at home and abroad as duly resolved by the Board of Directors.

Article IV: Public announcements of the Company shall be duly made according to Article 28 of Company Act.

## Chapter II Shares

Article V: The Company has aggregate total capital in an amount of NT\$2.472 billion, divided into 247,200,000 shares at Ten New Taiwan Dollars par value. The Board of Directors is bestowed with full power to issue the shares as necessary in installments. Within the total capital mentioned in the preceding Paragraph, a NT\$200 million sum shall be reserved ready for issuance of employee stock option certificates, preferred shares attached with warrants or corporate bonds attached with warrants in twenty million shares at Ten New Taiwan Dollars par value.

Article V~I: Where the Company intends to issue employee stock option certificates at price of issue below the price of the Company's common shares closed on the day of issue, a decision shall be duly resolved by two-thirds majority vote in the shareholders' meeting which is attended by shareholders who account for a majority of the Company's outstanding shares beforehand.

Where the Company intends to transfer shares to employees at a price below the average price in actual buyback, a decision shall be duly resolved by two-thirds majority vote in the latest shareholders' meeting that is attended by shareholders who account for a majority of the Company's outstanding shares beforehand.

Article VI: For the shares issued by the Company, the Company may be exempted from printing any share certificate for the shares issued but shall appoint a centralized securities custody enterprise to make recordation of the issue of such shares.

Article VII: The Company's share certificates shall be the registered ones and shall be duly signed and sealed by the minimum of three directors and duly authenticated before issuance.

Article VIII: Transfer of shares shall be discontinued within sixty (60) days prior to a shareholders' regular meeting, or within thirty (30) days prior to a special shareholders meeting, or within five (5) days prior to the base day scheduled to allocate dividend, bonus or other interests.



### Chapter III Shareholders' meeting

- Article IX: The shareholders' meeting of the Company is in two categories, i.e., shareholders' meeting and special shareholders meeting. The shareholders' regular meeting shall be duly convened by the board of directors once per annum within six months from closing of each fiscal year. A special shareholders meeting shall be duly convened according to law whenever necessary.
- Article X: A shareholder who is unavailable to attend a shareholders' meeting may duly issue a written proxy in the Company provided form, expressly bearing the scope of authorized powers to authorize a proxy to attend the meeting on his or her behalf.
- Article XI: Each share held by a shareholder of the Company is entitled to one vote except for an event as set forth under Article 179 of the Company Act that is not entitled to voting power.
- Article XII: Unless otherwise provided for in the Company Act, decisions in the shareholders' meeting shall be resolved by a majority vote in the meeting that is attended by shareholders who represent a majority of the total issued shares.

### Chapter IV Directors and supervisors

- Article XIII: The Company's directors and supervisors shall be elected by shareholders' meeting from candidates of disposing capacity, with a three-year tenure of office and eligible for reelection.
- Article XIII~I: Pursuant to Article 14-2 of Securities and Exchange Act, the Company has seven directors, including two independent directors and five non-independent directors.
- In election of directors, each share is entitled to the electing power equivalent to the number of directors to be elected. Such election power may be used in concentration to elect one candidate or be allocated to elect several candidates. The candidates who win more election powers shall be elected the directors. The independent directors and non-independent directors shall be elected in the same package and the numbers of elected ones shall be calculated respectively.
- Article XIII~II: The Company's independent directors shall be duly elected in the candidate nomination system. The Company's shareholders who hold over 1% of the total outstanding shares and the board of

directors may nominate the candidates for independent directors. The board of directors shall review and screen those nominees and then submit the qualified nominees to the shareholders' meeting. The shareholders' meeting shall elect independent directors out of those qualified candidates for independent directors.

The nominated candidates for independent directors shall be duly accepted and promulgated in accordance with Company Act, Securities and Exchange Act and laws and ordinances concerned.

Article XIII~III. The Company may set two supervisors. In election of supervisors, each share is entitled to the electing power equivalent to the number of supervisors to be elected. Such election power may be used in concentration to elect one candidate or be allocated to elect several candidates. The candidates who win more election powers shall be elected the supervisors.

Article XIV: Board of Directors shall be organized by directors. By attendance of two-thirds majority of directors and by a majority vote of the attending directors, one chairman shall be duly elected. The chairman shall represent the Company externally.

Article XV: During the chairman's absence or unavailability for performance of duties, the substitution shall be duly handled in accordance with Article 208 of the Company Act. The Board meeting shall be duly convened in accordance with Article 204 of the Company Act. The notices for a Board meeting may be served in writing, by e-mail or by fax. Where a director commissions another director to attend a Board meeting, the proxies shall be duly handled in accordance with Article 205 of the Company Act.

Article XVI: For the remuneration to all directors and supervisors, the board of directors is authorized with full powers to fix based on the normal level prevalent in horizontal trades. The amount of travel or transportation allowance to directors and supervisors shall be duly resolved by the board of directors. The remuneration to directors and supervisors for their performance of duty shall be granted disregarding whether the Company operates at a profit. The Company may acquire liability insurance for the directors and supervisors to lower or disperse their potential risks of critical impairment to the Company and to shareholders in case of a fault in their exercise of their duties.

#### Chapter V Managerial officers

Article XVII: The Company has one general manager whom shall be duly appointed,

discharged and paid in accordance with Article 29 of the Company Act.

## Chapter Six Accounting

Article XVIII: Upon closing of each fiscal year of the Company, the board of directors shall work out: I. Business report; II. Financial statements and III. the following documents to be audited by supervisors thirty(30) days prior to the regular meeting of shareholders before being acknowledged by the shareholders' meeting.

Article XIX: With the Company's profit before tax of a year after deduction of the remuneration to employees and remuneration to directors and supervisors as well as the sum to make up previous loss, if any, a sum 2% minimum shall be appropriated with the balance as the remuneration to employees and a sum 2% maximum shall be appropriated with the balance as the remuneration to directors and supervisors.

The remuneration to employees and remuneration to directors and supervisors may be distributed either in stocks or in cash at the percentages which shall be resolved by a majority vote in the Board meeting which is attended by directors who account for two-thirds of the aggregate total of director seats. The percentages so resolved shall be reported to the shareholders' meeting.

The remuneration to employees may be distributed either in stocks or in cash and may be distributed to employees of subordinate company (ies) who satisfy the specified qualification requirements.

Article XIX~I: From the profit earned by the Company as shown through the final account, if any, the sum to pay tax and make good previous loss, if any, shall be first amortized, then 10% for legal reserve and then the sum for special reserve for amortization or rotation as required by law or by the competent authority of the government. The final balance, if any, added with unappropriated retained earnings accumulated in previous year(s), shall be duly distributed at the percentages as proposed by the board of directors and resolved in the shareholders' meeting.

The Company may distribute earnings through cash dividend or stock dividend given consideration of the Company's financial standing and business performance and such factors and shall be preferentially distributed in cash dividend. The cash dividend shall be at the ratio not

below 10% of the aggregate total dividend to be distributed in the year.

## Chapter VII Supplementary provisions

Article XX: Any matters inadequately provided for in these Articles of Incorporation shall be duly handled according to Company Act

Article XXI:

These Articles were duly enacted on June 4, 1976;  
amended on July 20, 1976 as the 1st amendment;  
amended on January 10, 1977 as the 2nd amendment;  
amended on June 26, 1982 as the 3rd amendment;  
amended on July 12, 1985 as the 4th amendment;  
amended on April 6, 1987 as the 5th amendment;  
amended on October 8, 1992 as the 6th amendment;  
amended on October 28, 1997 as the 7th amendment;  
amended on January 7, 1998 as the 8th amendment;  
amended on June 30, 1998 as the 9th amendment;  
amended on June 20, 1999 as the 10th amendment;  
amended on May 24, 2000 as the 11th amendment;  
amended on May 16, 2001 as the 12th amendment;  
amended on May 20, 2002 as the 13th amendment;  
amended on March 10, 2003 as the 14th amendment;  
amended on June 6, 2003 as the 15th amendment;  
amended on June 11, 2004 as the 16th amendment;  
amended on June 10, 2005 as the 17th amendment;  
amended on June 15, 2007 as the 18th amendment;  
amended on June 13, 2008 as the 19th amendment;  
amended on June 10, 2009 as the 20th amendment;  
amended on June 9, 2010 as the 21st amendment;  
amended on June 10, 2011 as the 22nd amendment;  
amended on June 17, 2016 as the 23rd amendment.

**Chenming Mold Ind. Corp.**  
**Procedure Rules for Shareholders' Meeting**

- I. The Company's shareholders' meeting shall be duly convened in accordance with these Procedure Rules unless otherwise prescribed in laws concerned.
- II. In a shareholders' meeting, the sign-in book shall be prepared for the present shareholders to sign in. Or the present shareholders' meetings may submit sign-in cards instead of the sign-in process. The number of shares represented by present shareholders shall be duly calculated based on the sign-in book or the sign-in cards submitted by present shareholders.
- III. The presence and voting in a shareholders' meeting shall be duly calculated based on the number of shares so represented.
- IV. A shareholders' meeting shall be convened at a venue where the Company is located or a location appropriate for a shareholders' meeting to be convened. A shareholders' meeting shall be convened at a timeframe no earlier than 9:00 a.m. or later than 3:00 p.m.
- V. A shareholders' meeting shall be chaired by the chairman if convened by the board of directors. Where the chairman is on leave or unavailable to exercise his responsibilities and powers, the vice chairman shall act as the substitute. If there is no vice chairman or where the vice chairman is unavailable to exercise the responsibilities and powers as well, the chairman shall appoint one managing director to act as the substitute. Where the chairman does not appoint a managing director, a managing director or a director shall be elected from among themselves to act as the substitute.  
  
Where a shareholders' meeting is convened by a convener beyond the board of directors, that shareholders' meeting shall be chaired by that convener.
- VI. An Attorney-at-Law, a Certified Public Accountant or a person concerned commissioned by the Company may participate in a shareholders' meeting as a non-voting (guest) participant.  
  
The staff taking charge of a shareholders' meeting shall wear identity certificates or armbands.
- VII. The entire process of a shareholders' meeting shall be audio recorded or videotaped and such audio record or videotape shall be archived for a one-year minimum.
- VIII. The chairperson shall call the meeting to order when the time is up. In the event that the present shareholders are not up to the quorum for a majority of the total outstanding shares, the chairperson may announce a postponement of the meeting. The aggregate total of the postponements shall not exceed twice and the aggregate total of postponements in accumulation shall not be in

excess of one hour. Where the number of shareholders present does not constitute the specified quorum after postponements twice but those present shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be passed in accordance with Paragraph 1, Article 175 of the Company Act.

In the event that the issued shares represented by present shareholders are up to a majority of the total issued shares before the current meeting ends, the chairperson may pose the tentative resolution so resolved to the shareholders' meeting for voting anew in accordance with Article 174 of the Company Act.

- IX. Where a shareholders' meeting is convened by the board of directors, the agenda shall be fixed by the board of directors. The shareholders' meeting shall be duly handled in accordance with the scheduled agenda that shall not be changed unless duly resolved in the shareholders' meeting.

The provision set forth under the preceding Paragraph is applicable *mutatis mutandis* to shareholders' meeting that is convened by a person beyond the board of directors.

Unless duly resolved, the chairperson shall not declare adjournment of the meeting until the issues set in the agenda in the two preceding Paragraphs (including extraordinary motions) are concluded.

After a shareholders' meeting is adjourned, the shareholders shall not elect another chairperson to continue the meeting at the same venue or a new venue. Where the chairperson proves in contravention of Procedure Rules for Shareholders' Meeting by declaring adjournment of the meeting unlawfully, nevertheless, a new chairperson may be elected by a majority vote of the present shareholders to continue the meeting.

- X. A present shareholder shall fill out and submit the floor note, giving the gist of the speech, shareholder number (or code of the participation certificate) and name of account holder before he or she takes the floor. Then the chairperson may fix the order of the floor.

A present shareholder who has submitted a floor note but does not take the floor is deemed as having not taken the floor. Where a present shareholder speaks contents inconsistent with the contents shown on the floor note, the contents actually spoken shall prevail.

While a present shareholder takes the floor, other shareholder(s) shall not speak to interfere with the floor unless consented by the chairperson and the speaking shareholder. The chairperson shall stop the offender, if any.

- XI. On the same issue, every shareholder shall not speak more than twice and shall not speak in excess of five (5) minutes in each floor.

Where a shareholder violates the provision set forth under the preceding Paragraph or speaks beyond the scope of the subject issue, the chairperson

may stop his or her speech.

- XII. Where a juristic person is commissioned to participate in a shareholders' meeting as a proxy, that juristic person may assign only one person to participate in the shareholders' meeting.

A juristic person who assigns two or more representatives to participate in a shareholders' meeting may appoint only one person to take the floor on the same issue.

- XIII. After a present shareholder completes the floor, the chairperson may answer the floor either in person or by assigning a person concerned to respond.

- XIV. Where an issue is found having been discussed enough up to the extent of resolution, the chairperson may announce discontinuance from discussion and put that issue to vote.

- XV. For the voting process, the ballot scrutineer and the tally clerk shall be appointed by the chairperson. The ballot scrutineer shall, nevertheless, be appointed from among the shareholders. The outcome of the voting process shall be reported on-the-spot and put into the minutes.

- XVI. During progress of the meeting, the chairperson may set an intermission as appropriate.

- XVII. Unless otherwise provided for in the Company Act and the Articles of Incorporation, the decision of an issue shall be resolved by a majority vote in the meeting which is attended by shareholders who represent a majority of the total issued shares.

During the voting process, an issue that proves to meet no objection in response to the inquiry by the chairperson is deemed duly passed in the validity same as an issue duly resolved through balloting process.

- XVIII. Where a same issue is accompanied with an amendment or an alternate, the chairperson shall rule the voting order for the amendment or alternate in consolidation with the original bill. Where one bill among them is passed, other bill(s) is(are) deemed having been vetoed without a need for voting any more.

- XIX. The chairperson may command picket personnel (or security guard) to maintain the order of the meeting venue. The picket personnel (or security guard) shall wear "picket personnel" armbands while serving the meeting site to maintain the order.

- XX. This same provision is applicable mutatis mutandis to an event of amendment. There Regulations shall be put into enforcement after being resolved in the shareholders' meeting.

**Chenming Mold Ind. Corp.**  
**Regulations Governing Directors and Supervisors Elections**

- I. The Company's directors and supervisors shall be duly handled in accordance with these Regulations
- II. In election of directors and supervisors, unless otherwise prescribed in the Articles of Incorporation, each share is entitled to the electing power equivalent to the numbers of directors and supervisors to be elected. Such election power may be used in concentration to elect one candidate or be allocated to elect several candidates.
- III. The board of directors shall work out election ballots in the number equivalent to the numbers of directors and supervisors to be elected and shall fill out the weight numbers thereupon and distribute them to the present shareholders.
- IV. Before start of the election process, the chairperson shall appoint certain numbers of scrutinizer(s) and tally clerk(s) to exercise the duties concerned.
- V. For election of directors and supervisors, the board of directors shall prepare the ballot boxes that shall be opened and verified in public before balloting process.
- VI. Where a candidate holds status as a shareholder, the electors shall fill out the shareholder ID name and shareholder number in the box. Where a candidate is not a shareholder, the electors shall fill out the name and Identity Certificate Number of the candidate. Where a candidate is a government or juristic person shareholder, the box of account name on the election ballot shall be filled out with the name of government or juristic person or the name of representative of the government or juristic person. Where there are several representatives, the additional name(s) of the representative(s) may be filled out respectively.
- VII. The election ballots of directors shall be cast for independent directors and non-independent directors in consolidation and shall be elected respectively.
- VIII. An election ballot is null and void if meeting any among those enumerated below:
  - (I) Not as an election ballot stipulated under these Regulations.
  - (II) Where a blank election ballot is put into the ballot box.
  - (III) Where the election ballot bears illegible wording or has been tampered with.
  - (IV) Where the shareholder account name, shareholder number is found inconsistent with the entries in the shareholders register if the candidate is a shareholder; or where the name and Identity Certificate Number are found non-conforming through verification if the candidate is not a shareholder.



- (V) Where the ballot is found containing wording other than the candidate's account name (name) or shareholder account number, name of the shareholder (Identity Certificate Number) and the distributed weight number.
  - (VI) Where the candidate's account name (name) or shareholder account number is found absent on the election ballot.
  - (VII) Where a same election ballot is named two or more candidates.
- IX. The Company's directors and supervisors shall be elected by the shareholders' meeting from candidates with disposing capacity. Based on the quota specified under the Articles of Incorporation and the statistical outcome of election ballots, the candidates who win more election weight numbers shall be elected independent directors, non-independent directors or supervisors by that order. Where two or more candidates win the same election weight number but go beyond the specified quota, those candidates who win the same weight number shall draw lot to decide the final winner. The chairperson shall draw lots on behalf of an absent candidate.
- A candidate who is elected both director and supervisor simultaneously according to Paragraph I, he or she shall choose either director or supervisor at his or her discretion. Where an elected director or supervisor is checked and found inconsistent with in personal information or found with election invalidated according to laws and ordinances concerned, a candidate winning next large number in election ballots in the same election process shall be announced to replace the vacancy.
- X. The Company does not elect supervisor if it has set up the Audit Committee.
- XI. The ballot box shall be opened in public upon completion of the balloting process. The outcome of ballot opening shall be announced by the chairperson on-the-spot.
- XII. The winning in an election is null and void if found inconsistent with the requirements set forth under Paragraphs 3, 4 of Article 26 of Securities and Exchange Act.
- XIII. The Company's board of directors shall issue election notices to the elected directors and supervisors.
- XIV. Any matters not adequately provided for in these Regulations shall be subject to handling in accordance with the Company Act, Articles of Incorporation and laws and ordinances concerned.
- XV. These Regulations shall be put into enforcement after being passed in the shareholders' meeting. This same provision is applicable mutatis mutandis to an event of amendment.

**Chenming Mold Ind. Corp.**  
**Procedures for the Acquisition or Disposal of Assets**

**Chapter I General Provisions**

I. Objectives and statutory authority:

These Procedures are duly enacted in accordance with Article 36~1 of the Securities and Exchange Act and “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” in an effort to strengthen management over assets and implement thoroughly open and transparent information policy.

II. Scope of application for assets:

(I) Investment in stocks, government bonds, corporate bonds, financial bonds, negotiable securities manifesting funds, deposit receipt certificates (DRC), share subscription (sales) warrants, beneficiary securities and asset-backed securities.

(II) Real estate (including land, buildings & constructions, investment oriented real estate, land usage rights, inventory in construction industry), plant buildings and equipment.

(III) Membership certificates

(IV) Patent rights, copyrights, trademark rights, franchises and such intangible assets.

(V) Financial institutions' creditor's rights (including accounts receivable, discount in remittance purchase, loans, delinquent accounts).

(VI) Derivative financial instruments: The forward contracts, option contracts, futures contracts, leverage guarantee contracts, swap contracts the value of which derives from assets, interest rates, exchange rates, indices or other interests and combined contracts composed of the aforementioned merchandise. The term “forward contract” as set forth herein excludes insurance contract, performance contract, after-sales services contract, long-term lease agreement and long-term purchase(sales) contract.

(VII) Assets duly acquired or disposed as a result of merger, demerger, acquisition or share transfer.

(VIII) Other major assets

III. Appraisal procedures:

(I) Before the Company acquires or disposes of an investment in negotiable securities or engages in transaction in derivative financial instruments, the Financial Department and Accounting Department shall conduct analyses on the relevant benefits and assessment of

potential risks. Before the Company acquires or disposes of real estate and other assets, the department(s) concerned shall work out capital expenditure plans and assess the feasibility of the objectives of acquirement or disposal and the anticipated benefit. In case of transaction with a related party, evaluation of the rationality shall be duly conducted in accordance with Chapter II of these Procedures beforehand.

- (II) Where the Company acquires or disposes of negotiable securities, the Company shall obtain the financial statements duly audited and certified by independent Certified Public Accountant or other data concerned of the target company in the latest term for reference in the transaction price before the date of fact occurrence. Where the Company acquires or disposes of negotiable securities, private placement securities, membership certificates, intangible assets not traded in the centralized securities exchanges or over-the-counter exchange with transaction amount up to 20% of the Company's paid-in capital or NT\$300 million, the Company shall consult the independent Certified Public Accountant to offer opinions on the rationality. Where the independent Certified Public Accountant has to adopt expert reports, the issue shall be duly handled in accordance with Statement on Auditing Standards No. 20 published by the ARDF, Republic of China.
- (III) Where the Company acquires or disposes of real estate or other fixed assets with transaction amount up to 20% of the Company's paid-in capital or NT\$300 million, the Company shall obtain the appraisal report issued by specialist appraiser before the date of occurrence of the fact and shall duly handle the transaction based on Asset Appraisal Procedures as set forth under these Procedures.
- (IV) Where a public company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the rationality of the transaction terms is appraised, if the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section.
- (V) Where the Company conducts a merger, demerger, acquisition, or transfer of shares, the Company shall, before the decision is resolved by the board of directors retain a independent Certified Public Accountant, Attorney-at-Law or securities underwriter about the opinion on the reasonableness of the share conversion ratio, acquisition price, cash in distribution to shareholders or other

properties and submit such expert opinion to the board of directors for discussion and resolution.

(VI) For the means of price determination and supporting reference materials where the Company acquires or disposes of assets, other than the aforementioned expert appraisal, opinions from independent Certified Public Accountant or such experts, the Company shall duly handle based on the situations below:

1. The prices for purchase or sales of the negotiable securities which have been traded in centralized securities exchanges or over-the-counter exchange shall be determined based on the prices of the equity or bond prevalent at that time.
2. The prices for purchase or sales of the negotiable securities which have not been traded in centralized securities exchanges or over-the-counter exchange shall be determined with reference to the net worth per share, capability in technology or profitability, potential of future development, interest rate prevalent in the market, interest rates shown through the face amount of the bonds and the debtor's credit standing and further with reference to the latest closed prices.
3. For acquisition or disposal of membership certificates, the Company shall take into account the yieldable benefits with reference to the latest closing prices. For acquisition or disposal of patent rights, copyrights, trademark rights, franchise and such intangible assets, the Company shall take reference to customs prevalent in the international community or markets, durable years and the impact upon the Company in technology or business operation.
4. For acquisition or disposal of real estate and other fixed assets, the Company shall take into account the official land price latest promulgated by the government, appraised current value, closing prices or book values of the neighboring real estate and prices quoted by service providers. Where the Company acquires assets from a related party, the Company shall, first of all, conduct imputation in the means as set forth under Chapter II of these Procedures so as to appraise whether the trading prices are reasonable.
5. Where the Company engages in transaction in derivative financial instruments, the Company shall take reference to the trading conditions in the futures exchange, trends in exchange rate and interest rate.
6. Where the Company conducts a merger, demerger, acquisition, or

transfer of shares, the Company shall take into account attribute of the business operation, net worth per share, asset value, capability in technology and profitability as well as potential in future growth.

IV. Operating procedures:

(I) Credit line and level in authorization

1. In case of negotiable securities: The Company shall authorize its general manager to proceed with the transaction within the credit line set forth under Article 7 of these Procedures. Where the negotiable securities prove consistent with the criteria for declaration set forth under Article 5, the Company shall declare the issue to the chairman for recordation on the ensuing day and shall further submit the case to the latest Board meeting for retrospective acknowledgement. Where the Company acquires or disposes of stocks, corporate bonds, negotiable securities in private placement beyond the centralized securities exchanges or over-the-counter exchange with amount in transaction up to the criteria for public announcement and declaration, the case shall first be duly resolved in the board of directors beforehand. Where the Company intends to invest in Mainland China, the Company shall first obtain consent from the shareholders' meeting or the shareholders' meeting shall authorize the board of directors for enforcement and the Company shall further apply to and receive approval from the Investment Commission, Ministry of Economic Affairs beforehand.
2. Transaction in derivative financial instruments
  - (1) Hedge trade: Pursuant to the Company's sales revenues and change in the risk positions, the personnel designated by the chairman may proceed with the trade which is below US\$3 million (or other currency of equivalent value) in single transaction or accumulated position. A case beyond US\$3 million shall not be traded until applied to and approved by the chairman.
  - (2) Non-hedge trade: In an effort to minimize potential risk, a case which is below US\$3 million (or other currency of equivalent value) in single transaction or accumulated position may be conducted after being approved by the chairman. A case beyond US\$3 million shall not be conducted until being approved by the board of directors.
  - (3) To assure that the authorization by the Company may be under coordination with the correspondent superintendence

and management from the bank, the authorized trading personnel shall keep the trade informed to the bank.

- (4) Trade for derivative financial instruments as authorized under the aforementioned terms shall be reported to the board of directors afterwards.
3. Transaction with a related party: The documents as specified under Chapter II of these Procedures shall be submitted to, approved by the board of directors and be further acknowledged by the supervisors beforehand.
4. In case of merger, demerger, acquisition, or transfer of shares: The Company shall duly proceed with the relevant procedures and prepare for documents in accordance with Chapter IV of these Procedures. Among the transactions, merger, demerger, acquisition shall be subject to resolution in the shareholders' meeting beforehand unless otherwise prescribed in laws that exempt convening of a shareholders' meeting. Transfer of shares may be conducted after being duly resolved in the board of directors.
5. Other transactions: Other transactions shall be duly handled in accordance with the internal control system and operating procedures within the authorized powers. Where the amount of transaction is up to the criteria for public announcement and declaration under Article 5, except the machinery & equipment that are acquired or disposed of for use in business operation, which shall be reported to and acknowledged retrospectively by the board of directors, the transaction shall be subject to resolution and pass in the board of directors. A case falling under Article 185 of the Company Act, shall be duly resolved and passed in the shareholders' meeting beforehand.

(II) Units in enforcement and transaction procedures

For the Company's trade in negotiable securities and derivative financial instruments, the units in enforcement shall be the Financial Department and Accounting Department and the personnel designated by the chairman. For the Company's trade in real estate and other assets, the units in enforcement shall be the departments in use and the relevant competent units. For the Company's merger, demerger, acquisition, or transfer of shares, the units in enforcement shall be the units designated by the chairman. For acquisition or disposal of assets, after the appraisal process is completed and approval is obtained, the unit in enforcement may proceed with execution of contract, acceptance and granting of payment, delivery

and final acceptance check process and shall duly handle the case in accordance with the attribute of the assets and the operating procedures. Besides, the transaction in acquisition or disposal of assets, business in derivative financial instruments, merger, demerger, acquisition, or transfer of shares shall be duly handled in accordance with Chapters II ~ IV of these Procedures.

V. Procedures for public announcement and declaration:

- (I) Where the Company acquires or disposes of property and meets a situation falling within those enumerated below, the Company shall, based on the format and contents specified by the competent authority, launches public announcement and declaration through the website designated by the Financial Supervisory Commission, Executive Yuan within two (2) days from occurrence of the fact.
  1. Where the Company acquires from or disposes of real estate with a related party or Company acquires from or disposes of assets other than real estate with a related party with transaction amount up to 20% of the Company's paid-in capital or up to 10% of the Company's total assets or in amount in excess of NT\$300 million. Except purchase and sales of government bonds or bonds with repo and reverse repo terms, subscription to or redemption of funds in domestic money markets.
  2. Where the Company launches merger, demerger, acquirement or accepts transfer of shares
  3. Where the Company engages in transaction derivative financial instruments and, as a result, undergoes a loss up to the amount set forth under Article 14, Chapter III of these Procedures or the maximum limit in the loss in an individual contract.
  4. The transaction in assets other than those three preceding Paragraphs, an event while a financial institution disposes of creditor's right or investment in Mainland China, with amount of transaction up to 20% of the Company's paid-in capital or an amount of NT\$300 million. Except, nevertheless, a situation among those enumerated below:
    - (1) Purchase and sales of government bonds.
    - (2) Purchase and sales of bonds with repo and reverse repo terms, subscription to and redemption of funds in domestic money market.
    - (3) Acquirement or disposal of assets as machinery & equipment in the category oriented to use for business operation with the target of transaction not as a related party, with amount of transaction not above NT\$500 million.

- (4) A case where the land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages with amount of transaction the Company anticipates to invest not up to NT\$500 million.
- (II) The Company shall, on a monthly basis, input the facts of transaction for derivative financial instruments conducted by the Company and subsidiaries not as a domestic public company as of the last day of the preceding month in the formula as specified under the Appendix annexed hereto into the Information Declaration Website designated by the Financial Supervisory Commission, Executive Yuan not later than the 10th day of every month.
- (III) Where an item in an announcement is erroneous or left out in a public announcement and calls for a correction, all such items shall be put into the public announcement anew for the entirety.
- (IV) Where a trade which has been duly put into public announcement and declaration in accordance with Subparagraph (I) meets any among those enumerated below, the Company shall duly effect public announcement and declaration to the website designated by the Financial Supervisory Commission, Executive Yuan within two (2) days from occurrence of the fact:
  - 1. Where a relevant contract executed for the original transaction has been changed, terminated or rescinded.
  - 2. Where the merger, demerger, acquisition, or transfer of shares has not been completed in full within the date scheduled in the contract.
  - 3. Where the contents of the original public announcement have been changed.

VI. Procedures for appraisal of assets:

Where the Company acquires or disposes of real estate or equipment, except transaction with government, or an event where the land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, or where the Company acquires or disposes of machinery & equipment oriented to use for own business operation with amount of transaction up to 20% of the Company's paid-in capital or above NT\$300 million, except a transaction with government authority, the Company shall obtain appraisal report issued by a professional appraiser before occurrence of such fact (Cf. Attachment I annexed hereto for the indispensable entries) and shall be further consistent



with the requirements enumerated below. Where the Company acquires or disposes of assets through auction procedures with a court, the verifying document issued by that court is acceptable instead of the appraisal report or the Certified Public Accountant's opinion.

- (I) Where the Company takes restricted price(s) or specific price(s) as the grounding reference due to an extraordinary reason, that transaction shall be subject to resolution by the board of directors beforehand. The same procedures above shall apply in case of a change in the terms of transaction in the future.
- (II) Where the amount of transaction is in excess of NT\$1 billion, the Company shall retain two or more expert appraisers for appraisal.
- (III) Where the outcome of appraisal by the expert appraisers is found meeting any among those enumerated below, except an event where the appraisal outcomes are above the trading amount in case of acquirement of assets or where the appraisal outcomes are below the trading amount in case of disposal of assets, the Company shall consult with the independent Certified Public Accountant to handle the case in accordance with Statement of General Auditing Procedures No. 20 published by the ARDF, Republic of China (ARDF) and to issue concrete opinions on the appropriateness of the trading price:
  - 1. Where the appraisal outcome and the trading amount show a differential gap above 20%.
  - 2. Where the outcome of two or more expert appraisers shows a differential gap above 10%.
- (IV) The date while the expert appraisers issued the reports shall not be more than three (3) months from the date of execution of the contract. If the official land price latest promulgated by the government of the same term is applicable and is not beyond six (6) months, the opinions issued by the same expert appraisers are acceptable.

VII. Scope and credit line of investment:

Other than assets acquired by the Company and the Company's subsidiaries oriented to use for business operation, the Company may, as well, invest and purchase real estate and negotiable securities beyond the use for own business operation, with the restriction upon the credit line as enumerated below: Upon calculation of Paragraphs (IV), (V), those participating in investment and incorporation or serving as the directors and supervisors who intend to hold the investment on a long-term basis may not be counted.

- (I) The aggregate total amount of real estate not oriented for use in business operation shall not exceed 10% of the net worth of the

Company and the Company's subsidiaries as shown through the latest financial statements.

- (II) The aggregate total amount of negotiable securities shall not exceed 150% of the net worth of the as shown through the latest financial statements of the Company and shall not exceed 100% of the net worth of the as shown through the latest financial statements of the Company's subsidiaries.
- (III) The restriction upon investment in negotiable securities shall not exceed 100% of the net worth of the as shown through the latest financial statements of the Company and shall not exceed 100% of the net worth of the as shown through the latest financial statements of the Company's subsidiaries.
- (IV) The net investment amounts of the Company and the Company's subsidiaries on a single company listed in the Taiwan Stock Exchange Corporation (TWSE) or a company listed on over-the-counter exchange shall not exceed 10% of the net worth of such respective companies the as shown through the latest financial statements of those respective companies.
- (V) The shares held by the Company and the Company's subsidiaries shall not exceed 10% of the aggregate total outstanding shares of any single company listed in the Taiwan Stock Exchange Corporation (TWSE) or listed on over-the-counter exchange.

VIII. The Company's control over assets acquired or disposed of by subsidiaries

- (I) The Company's subsidiaries shall duly enact "Procedures for the Acquisition or Disposal of Assets" in accordance with Letter Tai-Philanthropic-Zheng-I-Zi 0910006105 of the Securities & Futures Institute and have such Production duly resolved by the boards of directors of the subsidiaries and approved by shareholders' meetings of the subsidiaries, and submit them to the Company's board of directors. This same provision is applicable mutandis to an event of amendment.
- (II) A subsidiary of the Company shall duly acquire or dispose of assets in accordance with its "Internal Control System" and "Procedures for the Acquisition or Disposal of Assets". Such a subsidiary of the Company shall further aggregate the assets acquired or disposed of in the same attribute in a single case or in accumulation, or in amount in excess of NT\$10 million in the preceding month and declare to the Company in writing not later than the 5th day of every month. The Company's Audit Department shall enumerate the business operations by its subsidiaries in acquirement or disposal of assets as one of the key audit items every month. Performance in such audit

shall be enumerated as the indispensable items of audit performance to the board of directors and to the supervisors.

- (III) Where a subsidiary of the Company which is not a public company and the assets acquired or disposed of by such subsidiary are not up to the criteria for public announcement and declaration, such subsidiary shall notify the Company within the date of occurrence of the fact and the Company shall launch announcement and declaration to public through the designated website.

IX. Penalty clauses:

Where a person in-charge of acquirement or disposal of assets in the Company is found in contravention of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by the Financial Supervisory Commission, Executive Yuan or these Procedures, such issue shall be duly handled in accordance with the following clauses based on the extent of violation. The violation records shall be taken as the reference in annual performance evaluation for the individuals.

- (I) Delegation of authorization for violation: A first time offender shall receive an oral warning. A recidivist shall receive warning in writing and shall be required to participate in the mandatory training programs on internal control system in the Company. A further recidivist or a recidivist in a critical offense shall be assigned out of the current position.
- (II) Procedures to evaluate an offense: A first time offender shall receive an oral warning. A recidivist shall receive warning in writing and shall be required to participate in the mandatory training programs on internal control system in the Company. A further recidivist or a recidivist in a critical offense shall be assigned out of the current position.
- (III) Announcement and declaration to public for an offense: A first time offender shall receive an oral warning. A recidivist shall receive warning in writing and shall be required to participate in the mandatory training programs on internal control system in the Company. A further recidivist or a recidivist in a critical offense shall be assigned out of the current position.
- (IV) The superior supervisor of an offender is subject to penalty as well unless he or she is able to explain that he or she has conducted adequate preventive measures beforehand.
- (V) Where the board of directors or a director is found in contravention of a decision resolved in the shareholders’ meeting, the supervisors shall notify the breakdown or such director to stop the offending behavior in accordance with Article 218-2 of the Company Act.

## **Chapter II Transaction with related parties**

- X. Authority to identify a related party:  
Transactions by the Company with related parties. A related party shall be duly identified in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Upon the process of identification, the substantial relationship shall be taken into account other than statutory formality.
- XI. Resolution procedures:  
Where the Company intends to acquire or dispose of real estate from or to a related party, or where the Company intends to acquire or dispose of assets other than real estate from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase, resale agreement (repo and reverse repo), or subscription to or repurchase of money market funds issued by domestic securities investment trust enterprises, the unit in enforcement shall not proceed to enter into a transaction contract or make a payment until the following documents have been approved by the board of directors and acknowledged by the supervisors:
- (I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
  - (II) The reason for choosing the related party as a trading counterparty.
  - (III) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 12 & Article 13.
  - (IV) The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.
  - (V) The monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
  - (VI) An appraisal report from a professional appraiser or a certified public accountant's opinion obtained in compliance with the preceding article.
  - (VII) The restrictive covenants and other important stipulations associated with the transaction.

XII. Evaluation over reasonableness for the terms of transaction:

Where the Company intends to acquire or dispose of real estate from or to a related party, or where the Company intends to acquire or dispose of assets other than real estate from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except three situations as enumerated below, i.e., where the related party acquired the real property through inheritance or as a gift; more than five (5) years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction; where the real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land, the Company shall evaluate the reasonableness of the transaction cost and shall retain an independent Certified Public Accountant to recheck and to offer concrete opinions.

- (I) Pursuant to the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. The term "necessary interest on funding" as set forth herein is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided that it shall not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
- (II) The total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as the collateral for a loan; provided that the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. This, nevertheless, shall not apply an event where the financial institution is a related party of one of the trading counterparties.
- (III) Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means as listed in Paragraphs (I), (II) above.

XIII. Agendum required where the imputed transaction cost is below the transaction price:

Where the transaction costs appraised based on the preceding Article are below the actual transaction price, except a situation among those enumerated below which are backed up with objective proof and expert opinions from expert real estate appraisers and independent Certified Public Accountant for the reasonableness, the case shall be duly handled in

accordance with Paragraph III.

- (I) Where the related party acquired undeveloped virgin land or leased land for development, the Company shall submit proof of compliance with one of the following conditions:
1. Where undeveloped virgin land is appraised in accordance with the means set forth under the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The term "reasonable construction profit" as set forth herein denotes the average gross operating profit margin of the related party's construction division over the most recent three (3) years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
  2. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.
  3. Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.
- (II) Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

The term "concluded transactions for neighboring or closely valued parcels of land" as set forth in the preceding paragraph refers in principle to the parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value. The term "transaction for similarly sized parcels" in principle refers to transactions concluded by an unrelated party for parcels with a land area of no less than 50% of the property in the planned transaction. The term "within the preceding year" refers retrospectively to the year preceding the date of occurrence of the acquisition of the real property.

Where a public company transacts with a related party and the results of appraisals conducted in accordance with the preceding Article are uniformly

lower than the transaction price and all situations set forth under Paragraph I of this Article prove nonexistent, the following steps shall be taken:

- (I) A special reserve shall be set aside in accordance with paragraph 1, Article 41, of the Act against the differential discrepancy between the real property transaction price and the appraised cost, and shall not be distributed or used for capital increase or issuance of bonus shares. The special reserve so amortized shall not be put into use until the assets purchased at high prices have been recognized for loss from falling price, disposed of, appropriately supplemented or restored to status quo ante, or until there are other proofs verifying no irrationality and until after being approved by the Financial Supervisory Commission, Executive Yuan.
- (II) The supervisors shall handle the issue in accordance with Article 218 of the Company Act.
- (III) The performance in handling as under Paragraph 1 and 2 shall be reported to the shareholders' meeting and the detailed contents of transaction shall be disclosed in the annual report and prospectus.

### **Chapter III Principles, control and management over transaction in derivative financial instruments**

XIV. Principles and policies of transaction:

- (I) Categories of transaction: The categories of derivative financial instruments the Company may engage in include forward contracts, options, swap of interest rate and exchange rate, futures and combined contracts of aforementioned merchandise in consolidation. The Company shall not engage in transaction in derivative financial instruments until the issue is submitted for a pass in advance by the board of directors.
- (II) Managerial and hedging strategies: The transaction in derivative financial instruments the Company may engage in is classified into hedge-oriented and non-hedge-oriented objectives (i.e., for the purposes of transaction). The strategies are primarily intended to hedge managerial risks. The Company shall choose merchandise for transaction oriented to hedging risks in foreign exchange revenues and expenditures, assets or liabilities. In case of a change in objective environments, the Company shall appropriately choose "non-hedging transaction" of derivative financial instruments in optimal timing in an effort to help the Company gain added non-operating revenues or minimize non-operating loss. Besides, the Company shall choose the financial institutions in business with the Company as far as possible for transaction counterparties to prevent potential credit risks. The

Company shall, prior to transaction, appropriately define the transaction modes in financial operation for hedge or for pursuit of investment gains.

(III) Limits of transaction:

1. Hedge transaction: The net foreign currencies position after combined assets and liabilities (including the net position anticipated to yield in the future) shall be taken as the maximum limit.
2. Non-hedge transaction: Not in excess of US\$3 million. The transaction personnel shall, prior to implementation, submit analytical reports about foreign exchange trends. The contents of such report shall expressly specify trend analyses on foreign exchange markets and the proposed modes for operation which shall not be put into enforced until approved.

(IV) The amounts of loss ceiling for entire and individual contracts.

1. Hedge transaction: Hedge transaction is a sort of transaction aiming at the Company's substantial need for which the stop-loss points shall be set not above the maximum limit at 20% of the transaction contract amount.
2. Non-hedge transaction: After the position is set up, the Company shall duly set up the stop-loss points to prevent a potential excessive loss. The stop-loss points shall be set not above the maximum limit at 20% of the transaction contract amount.

(V) Division of authority and responsibility

1. Department of Finance: Pursuant to the Procedures, the Department of Finance shall take charge of implementation of transactions and shall try to collect market updates all the time and get familiar with laws and ordinances concerned and operating skills so as to provide the management with adequate information in real time.
2. Accounting Department: The Accounting Department takes charge of confirmation of transaction, settlement and registration of details.

(VI) Key points in performance evaluation

1. Hedge transaction:  
The Company shall take the profit and/or loss yielded financial transaction in derivative financial instruments as shown on the account books as the ground to evaluate performance. The Company shall evaluate performance twice per month as the minimum and provide the performance evaluation outcome to the management for reference.



2. Transaction on earmarked purposes

The Company shall take the profit and/or loss actually incurred as the grounds for performance evaluation and shall conduct once every week as the minimum and shall provide the outcome of performance evaluation to the management for reference.

XV. Measures on risk management:

While engaging in derivatives transactions, the Company shall take risk control within the scope and measures enumerated below:

- (I) Consideration in credit exposure risks: The Company shall aim at highly reputable financial institutions and futures brokers that are capable of offering professional information as the key transaction counterparties in principle.
- (II) Consideration in market risks: Where derivatives are subject to high fluctuation in prices in future markets that might lead to uncertain losses, the Company shall strictly stick to the set up stop-loss points after the position is set up.
- (III) Consideration in liquidity risks: In an effort to assure sound liquidity of merchandise in transaction, the transaction institutions shall be in adequate equipment & facilities, information and transaction capability to proceed with transaction in any markets.
- (IV) Consideration in operating risks: The Company shall faithfully comply with the authorized credit lines, operating procedures to prevent potential risks in business operation.
- (V) Consideration in legal risks: For any contract documents to be executed with financial institutions, the Company shall adopt internationally standardized formats as far as possible to prevent potential legal risks.
- (VI) Consideration in merchandise risks: All internal trading crew shall be those who have possessed complete and accurate professional expertise to prevent potential misuse in derivatives and avoid potential loss so incurred.
- (VII) Consideration in cash settlement risks: The authorized trading crew shall strictly comply with the authorized credit lines and shall, besides, closely watch cash flow in the Company to assure that the Company holds adequate cash to deal with transactions at the moment of settlement.
- (VIII) The trading personnel and the personnel in charge of confirmation and settlement shall not serve more than one post among themselves concurrently.
- (IX) The personnel in charge of confirmation shall reconcile accounts and verify by mail with correspondent banks on a regular basis and shall

check and verify the aggregate totals in the transactions to make sure of no excess beyond the ceiling limit.

- (X) The personnel in charge of risk weighing, superintendence and control shall not come from the department(s) of personnel defined under (I) and shall report to the board of directors or high ranking supervisor(s) who is(are) not in charge of transaction of policymaking process in position.
- (XI) All positions shall be duly evaluated and adjusted on a weekly basis as the minimum. Where the business operation involves hedge transaction, nevertheless, such positions shall be evaluated twice per month as minimum. The evaluation report shall be submitted to the ranking supervisor authorized by the board of directors. (Note: The Company shall point a ranking supervisor beyond the unit of enforcement.)

XVI. Internal audit system:

- (I) The Company's internal auditors shall look into the appropriateness of internal control system in derivatives transactions on a regular basis and shall audit the department(s) in charge of transaction about their compliance in operating procedures of derivatives transactions. Whenever a significant violation is noticed, they shall immediately report to the ranking supervisor(s) designated by the chairman and the board of directors and shall keep all supervisors informed in writing.
- (II) The Company's auditors shall enumerate derivatives transactions into the audit plans and shall declare and report to the Securities & Futures Institute about performance in audit plans in the preceding fiscal year in late February of the ensuing year and shall further declare the rectification performance over abnormalities to the Securities & Futures Institute not later than late May of the ensuing year as the latest deadline.

XVII. Means of regular evaluation and countermeasures to deal with abnormalities:

- (I) Transaction over derivatives shall be conducted either on a monthly basis or on a weekly basis. The profit and/or loss and uncovered positions of the non-hedge transaction shall be aggregated for the week or for the month either on a weekly basis or on a monthly basis and submitted to the ranking supervisor authorized by the board of directors to function as reference in evaluation over performance and risks
- (II) The ranking supervisor authorized by the Company's board of directors shall closely watch the superintendence and control over the derivatives transactions all the time. The board of directors shall

evaluate the derivatives transactions to make sure whether the transactions are consistent with the established managerial strategies and whether the risks are within the scope tolerable to the Company.

- (III) The ranking supervisor authorized by the board of directors shall manage derivatives transactions in accordance with the following principles:
1. To evaluate the risk control measures currently adopted on a regular basis to make them whether they are appropriate and to proceed with the operation exactly in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by the Securities & Futures Institute and these Procedures.
  2. To oversee the transaction and profit and/or loss and to adopt countermeasures and report to the board of directors forthwith whenever an abnormality is noticed. The Board meeting shall be attended by independent director(s) to speak up opinions.
- (IV) While engaging the derivatives transactions, the Company shall set up a memorandum book that shall bear entries in detail of the categories, amounts of the derivatives transactions, the date when adopted in the board of directors, regular monthly or weekly evaluation reports and the regular evaluation by the ranking supervisor authorized by the board of directors.

#### **Chapter IV Merger, demerger, acquisition, or transfer of shares**

- XVIII. Where engaging in merger, demerger, acquisition, or transfer of shares, the Company shall, before the Board meeting is convened for resolution, retain independent Certified Public Accountant(s), Attorney(s)-at-Law or securities underwriters to offer their expert opinions about the share swap ratios, acquisition prices, rationality of cash or other property to be distributed to shareholders and submit such opinions to the board of directors for a pass through resolution.
- XIX. For merger, demerger, acquisition, or transfer of shares by the Company, the Company shall duly work out unclassified documents to all shareholders and serve them along with the expert opinions mentioned in the preceding Article and notices to shareholders’ meeting to all shareholders before the shareholders’ meeting is convened as the handy reference to decide the merger, demerger, acquisition, or transfer of shares shall be approved; Except an event where other laws specify that for an issue regarding merger, demerger, acquisition, or transfer of shares, the shareholders’ meeting may not be convened. Whenever any single company which participates in

merger, demerger, acquisition fails to convene the shareholders' meeting due to any reason, resolve the decision to pass, vetoes the participation through its shareholders' meeting, the Company shall immediately hold an open presentation to public to state the causes, subsequent actions and the date scheduled to convene the shareholders' meeting.

XX. Unless otherwise prescribed in laws or duly reported to and approved by the Securities & Futures Institute beforehand, while the Company participates in merger, demerger, acquisition, the Company shall duly convene the Board meeting and shareholders' meeting to pass with resolution the issues of merger, demerger, acquisition on the same day as all other participating companies. Where the Company participates in transfer of shares, the Company shall convene the Board meeting on the same day as other participating companies.

XXI. Percentage of share swap and acquisition prices:

The percentage of share swap and acquisition prices for merger, demerger, acquisition, or transfer of shares shall not be changed except an occurrence of any among those enumerated below

- (I) Where the Company proceeds with cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
- (II) Where the Company proceeds with an action, e.g., a disposal of major assets that would affect the Company's financial operations.
- (III) Where the Company develops an event, e.g., a major disaster or major change in technology, that would affect shareholder equity or share price.
- (IV) Where the Company participates in an adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
- (V) In case of an increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
- (VI) Where other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

XXII. Entries required for the contents of a contract

Where the Company participates in merger, demerger, acquisition, or transfer of shares, the contract shall expressly bear the rights & obligations of the participating companies, facts about the change in share swap ratios or acquisition prices mentioned in the preceding Article and shall further

expressly bear the issues enumerated below:

- (I) Measures to deal with default in contract.
- (II) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
- (III) The amount of treasury stock the participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
- (IV) The manner of handling changes in the number of participating entities or companies.
- (V) Preliminary progress schedule for plan execution, and the date scheduled for completion.
- (VI) Date scheduled to convene the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

XXIII. Other key points that call for attention where the Company participates in merger, demerger, acquisition, or transfer of shares:

- (I) The Company shall request each and every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares to issue a written commitment to confidentiality and not to disclose the content of the plan prior to public disclosure of the information and not to trade, in the name of their own or of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
- (II) After the information of merger, demerger, acquisition, or transfer of shares is made public, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except an event where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.
- (III) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to comply with the provisions set forth under Article 21 and two preceding Paragraph of these Procedures.

## **Chapter Five Other significant issues**

- XXIV. The Company, while acquiring or disposing of assets, shall archive all relevant contracts, meeting minutes, memorandum books, appraisal reports and expert opinions of independent Certified Public Accountant, Attorney-at-Law or securities underwriter at the Head Office of the Company for five (5) years minimum unless otherwise prescribed.
- XXV. Where the Company obtains expert opinions of independent Certified Public Accountant, Attorney-at-Law or securities underwriter, such expert opinions of independent Certified Public Accountant, Attorney-at-Law or securities underwriter shall not be a related party with the person involved in the transaction.
- XXVI. Where the Company proceeds with acquisition or disposal of assets that is subject to the approval of the board of directors under these Procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to all supervisors. Where the Company has duly set up independent directors in accordance with Securities and Exchange Act, while the issues for transaction in acquisition or disposal of assets is submitted to the board of directors for discussion, the opinions of the independent directors shall be put into adequate account. Whenever an independent director expresses dissent or a reserved opinion, such dissent or reserved opinion shall be expressly entered into the Board meeting minutes. Where the Company has duly set up Audit Committee in accordance with Securities and Exchange Act, transaction in major assets or derivatives shall be subject to approval from the Audit Committee by a majority vote of all Committee members and shall be submitted to the board of directors for approval through a resolution. If a transaction is not approved by the Audit Committee by a majority vote of all Committee members, it may be approved by the board of directors through a two-thirds majority of all directors. The decision so resolved in the Audit Committee shall be expressly entered into the Board meeting minutes. The numbers of the Audit Committee members and all directors shall be counted only for those incumbent ones.
- XXVII. These Procedures shall be put into enforcement after being approved by the board of directors, submitted to the supervisors and approved by the shareholders' meeting. This same provision is applicable mutatis mutandis to an event of amendment. Whenever a director expresses dissent or a declaration in writing, the data of dissident of such director shall be

submitted to all supervisors. The opinions of all independent directors shall be taken into adequate account. Besides, their voices in pros and cons as well as the reasons shall be expressly entered into the minutes of the meeting.

**Chenming Mold Ind. Corp.**  
**Shareholding status of directors and supervisors**

Base date: April 18, 2017

Position title	Name	Date when elected	Number of shares held when elected			Number of shares held currently			Remarks
			Categories	Number of shares	Accounting for ___% of outstanding shares	Categories	Number of shares	Accounting for ___% of outstanding shares	
Chairman	Lin Mu-He	June 13, 2014.	common shares	21,838,230	11.99%	common shares	25,000,230	14.71%	
Director	Hu Pao-Sheng	June 13, 2014.	common shares	10,000	0.01%	common shares	100,000	0.06%	
Director	Chen Hsiao-Chun	June 13, 2014.	common shares	259,456	0.14%	common shares	259,456	0.15%	
Director	Hsiao Kuang-Chih	June 13, 2014.	common shares	27,000	0.01%	common shares	52,000	0.03%	
Director	Tsai Chin Investment Co., Ltd.	June 13, 2014.	common shares	20,000	0.01%	common shares	20,000	0.01%	
Independent Director	Chang Yi-Min	June 13, 2014.	common shares	0	0.00%	common shares	0	0.00%	
Independent Director	Lin Chiang-Feng	June 13, 2014.	common shares	0	0.00%	common shares	0	0.00%	
Supervisor	Lin Pei-Yu	June 13, 2014.	common shares	4,603,755	2.53%	common shares	4,512,755	2.66%	
Supervisor	Lin Po-Hsiang	June 13, 2014.	common shares	0	0.00%	common shares	0	0.00%	
Total				26,758,441			29,944,441		

The aggregate total of issued shares as of June 13, 2014: 182, 171, 018 shares

The aggregate total of issued shares as of April 18, 2017: 169, 935, 018 shares

Note: The statutory number of shares all directors of the Company are supposed to hold: 10, 196, 101 shares. As of April 18, 2017, the actual holding: 25,431,686 share

The statutory number of shares all supervisors of the Company are supposed to hold: 1, 019, 610 shares. As of April 18, 2017, the actual holding: 4,512,755 share

◎ The shares held by independent directors are not counted into the holding by directors.